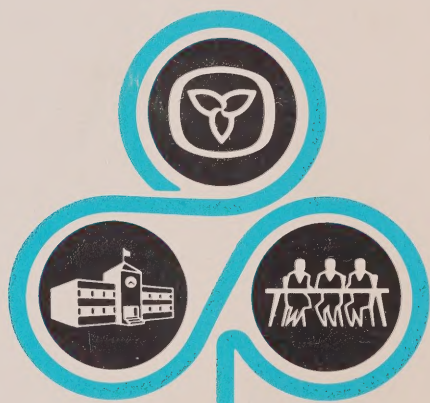


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*Conference*

# International Conference on Regional Development and Economic Change



1965



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INTRODUCTORY SPEECH

by

The Honourable Stanley J. Randall,  
Minister of Economics and Development,  
Province of Ontario.

On behalf of the Government of Ontario it is my pleasure to welcome you to this most important international conference. We have been planning more than a year for this day and it is gratifying to see that the response has more than justified the vast amount of work that has gone into the preparation of this conference. We have planned carefully so that the three days we have together may provide a forum for full, intelligent discussion of the problems we face in regional development and social change.

The Government of Ontario does not profess to have all the answers to local and area problems. Nor do I think any jurisdiction has found answers to why some areas enjoy a full measure of prosperity while others only mark time or even decline, both in terms of population and standards of living.

We are prepared to listen and to learn -- to listen to the experience of other jurisdictions which have tried to come to grips with these problems and to learn from their experience.

I am sure that the stories to be reviewed and discussed here will not all be success stories. There are no easy solutions, no clear cut pathways to success when you are dealing with the aspirations and the dreams of mankind.

No matter how insoluble the problem seems, we must never forget that we are searching for goals of welfare and happiness for men and women everywhere and that our objective is to provide equal opportunity for all -- equal opportunity for economic advancement and equal opportunity for a full and meaningful existence. We like to call Ontario the "Province of Opportunity" and we are determined to live up to that very high standard.

At first glance some of you may ask why the agenda is concerned with the United Nations, with other parts of the world, even with other parts of Canada. The answer is simply that we at this international conference will be dealing with the right of each individual, each family, each community, each region and each country of the world to obtain an equitable share of the fruits of man's labour. The countries may vary in many ways, but the basic situation is the same in every case. We are dealing with poverty. We are dealing with the processes of economic growth. We are dealing with the right to leisure. We are dealing with matters that are the very essence of our democratic system.

I know that we in Ontario, which has many things in common with other parts of the world, can benefit greatly from the experience of other jurisdictions that are attempting to solve exactly the same problems we face here in this province.

For the benefit of our guests from other parts, and indeed for the benefit of our own citizens here today, I believe it is necessary to understand what Ontario is. We are talking about a geographic area that stretches 1,000 miles from east to west. We are talking about a vast northern Ontario with thousands of empty square miles. We are talking about the concentrated industrialized areas of the Golden Horseshoe. We are talking about the less prosperous counties faced with problems of marginal agriculture. We are talking about the exploding areas with their problems of congestion and possible economic inefficiencies. We are talking about population movement from the farms to the urban centres. We are talking about the problems of education and retraining.



It is for these reasons that we have convened this conference. This is why we have asked the many leading authorities with us here today to help us explore the many facets of these basic and perplexing questions.

By the nature of our private enterprise system and as a natural result of our economic growth, it is inevitable that we have experienced constant change among our communities and regions. Some have prospered and participated more than others in this growth. Some regions have marked time or even declined. While it is not possible for every area to achieve the highest income levels, it is important that each region keep moving ahead and realize its full economic potential.

Over the past year we have been working on economic indexes of measurement for the counties of Ontario in order to determine the nature of the extent of economic inequalities. We have been developing data that will clearly indicate and measure the differences that do exist. But this is only the first step. We have not yet completely defined the problem. In the coming months we hope to work closely with federal agencies such as the Area Development Agency and the Economic Council of Canada which also will be carrying out programs of research in these fields.

The Government of Ontario hopes this conference will confirm the idea that it is essential for the overall economy to prosper above everything else. This must be our first objective. There can be little chance for the part to grow if the whole is not thriving.

In addition to the efforts of the provincial and federal governments, however, there must be strong local desire to improve and to grow. Local initiative is important and essential to the whole process of growth.

It is imperative that the people and local governments organize and work to improve their economic position. Over the past decade the regional development associations of Ontario have been attempting to do just this. One of the important benefits of their work has been the bringing together of local representatives of several adjacent jurisdictions to consider matters that are of common concern.

We must admit, however, that it is not unanimously agreed that the regional development associations have been entirely successful. The question we must ask ourselves is what should be done to improve their effectiveness as a local instrument in order to achieve the required objectives.

I know that these and other vital matters will be critically analyzed by this conference.

The government places great importance on this conference for many reasons and we are grateful to those who have come long distances to share their knowledge and experience. In return, we hope they will leave the richer for it.

This conference is not an isolated event, but part of a larger program which we have had under way for several months. Already a series of meetings has been held in each of the regions to discuss the conference and to prepare for it.

At Queen's University recently a meeting of government and university people from across Canada convened for two days to discuss problems related to areas of economic stress. The Government of Ontario joined with the federal Area



Development Agency and Queen's University in sponsoring this most important meeting.

The Ontario Economic Council has been studying the matter of economic inequalities and it will have recommendations to make in due course. I mentioned earlier that the provinces will be joining with the Economic Council of Canada to conduct further research into these matters. Finally, each member attending this conference has been presented with a book of background papers; I hope you have taken the opportunity to study them.

The primary emphasis of this conference is on economic development. We know, however, that economic development cannot proceed in insolation. Accordingly, other important aspects of the conference will include a discussion of more coordination of government activities at the local level and a discussion of the role that private initiative must play in local and regional development.

It is important too that we discuss the most effective and most efficient size of the administrative unit which will fit the needs of today. While this is not primarily the role of the conference, it cannot be ignored, and we have included an exploratory session on regional government.

We have all watched the development of the imaginative programs in the United States in recent months. The concept of the "Great Society", and the "War on Poverty", the Appalachian Program and the regional program of Governor Rockefeller -- all these will be discussed at this conference, as will the experiences of the United Kingdom in its efforts to decentralize industry and to achieve prosperity in regions outside the great industrial centres.

Much thought has also been given to programs in other European countries. Indeed, the greatest job of all is that facing the United Nations in its efforts to assist the undeveloped and underdeveloped countries of the world. The experts directly involved in these matters have been brought here today to discuss their programs, their successes, their problems. I know we shall benefit from their experience.

I would like to quote from a recent United Kingdom government statement on regional economic planning:

"Regional economic planning has two main purposes: first, to provide for a full and balanced development of the country's economic and social resources; and, secondly, to ensure that the regional implications of growth are clearly understood and taken into account in the planning of land use, of development - in particular, of industrial development - and of services. Since regional economic planning must be on a broad scale, we believe that the number of planning regions should be kept as few as possible. Special attention will be given to those areas within each region which have particular economic problems and neighboring councils and boards should cooperate on problems which cut across regional boundaries".

I am inclined to agree with this considered opinion and I am sure you will.

The fact that the Honourable John Robarts has, with the complete cooperation of the leaders of the Opposition, adjourned the sitting of the Legislature until Wednesday next is proof, if any were needed, of the intense interest which our

government has in regional development.

This conference will provide one of the most important forums ever held to consider the problems of regional development and social change. The adjournment will, therefore, give all members of the legislature an equal opportunity to attend and participate.

The province-wide interest in these matters is evident from the number of people who are here today. Indeed, there is a national and even international interest in this conference. We welcome the observers and participants who are here from other provinces, from the federal government and from the United States. But most important of all, we welcome the large numbers of people who are here from all over Ontario. What they take away from this conference will determine whether or not regional development in Ontario takes on new meaning in the months and years ahead.

THE DEVELOPMENT CHALLENGES OF OUR TIMES

by

Paul G. Hoffman,

Managing Director of the United Nations Special Fund

I have very specific reasons for valuing the opportunity of addressing this conference. I believe that its timing, its scope, its participants, and its frame of reference have made your gathering, as the minister said, an affair of international importance. The minister I know, has just returned from Nigeria and Ghana. I have been in both countries. I think you would agree with me that while the problems of regional development in Canada are quite dissimilar to the problems of development in Nigeria and Ghana, there is a very strong similarity between the problems. The only difference is that the problems in Nigeria and Ghana are about 10 times as difficult to solve.

We are now at a critical phase of what is, in effect, a world-wide war on want. It is a struggle that has been growing in scope ever since the end of World War II, and a struggle on whose outcome the avoidance of a new global conflict may very well depend. It is a struggle from which no nation -- least of all the prosperous -- can afford to stand aside; and a struggle that cannot be won without the full participation of all nations.

The launching of the Marshall Plan in 1948 marked the first time in history when a coalition of nations undertook a major cooperative campaign designed to achieve enduring economic progress rather than simply to provide immediate relief from need. The imperative challenge facing the governments and peoples of the industrialized countries in those days was the rebuilding of their own conflict-shattered economies. They accomplished that task magnificently. By pooling their energies and efforts in an unprecedented partnership, they achieved social and economic gains equally without precedent.

One fact about the Marshall Plan which has never been publicized is the original study as to what would be the needs of the European countries in the way of assistance if they were to restore their economies to a 1938 level of industrial-agricultural production. A group of well-known, famous European economists came up with the figure of \$27 billion, the amount of goods needed to refurbish the European economy. I happened to be a member of another committee, selected in the United States, to make a study of the European economies. We concluded that in four years, and with \$17 billion, it would be possible to restore industrial and agricultural production in Europe to its 1938 figure.

What really happened was that in two and a half years, European industrial production, after the Marshall Plan started, was 40 per cent ahead of the highest pre-war figure and agriculture production was 20 per cent ahead.

Why did the economists, both European and American, go so far wrong in their estimates? The answer lies in the fact that you cannot put calipers on the human spirit. In 1938, Europe was on the verge of war. Of course, we had to rely on economic statistics from 1938 and 1937, and from 1946 and 1947, in making our estimates. But the moment you put hope back in the hearts of Europeans, this so-called miracle took place. I realize that this human factor has a significance and importance that is often forgotten.

But the war on want that we are waging in 1965 is larger, longer, infinitely more difficult and more demanding than was the Marshall Plan. The major fields of action in today's contest are dispersed among some 130 low-income countries and territories, containing half the earth's population. In these lands we are attacking destitution on a terrain where it has been entrenched for centuries. And, in these



lands, we lack the solid base of economic and social institutions -- as well as the large reserves of technically-trained manpower -- that supported our recovery operations in Europe.

But victory in today's world-wide drive for development is no less imperative than it was in yesterday's struggle for European reconstruction. In countries associated with the United Nations, 30,000 children are dying every single day from hunger and disease. Some 800 million people of school age and older are crippled by complete illiteracy. And hundreds of millions more are fighting to keep themselves alive on yearly incomes far smaller than the weekly earnings of most industrial workers in Canada or the United States. That this is a dubious battle, a battle they probably cannot win, is demonstrated by the fact that life expectancy in many of the low-income countries averages only 35 years.

But such harsh and bitter statistics reveal something more than a vast, and largely needless human tragedy. They reflect a deeply dangerous politico-economic crisis that urgently confronts all nations.

For we live in a world where satellite television will shortly bring every continent into instant sight and sound contact - a world where direct personal contact in the most distant centers demands no more than a single day's journey by jet. Such a world is a neighborhood in the most literal sense of the word. Thus, although we have always had the poor with us, today, they are living right next door. I don't know any harder concept to grasp than this concept that the world has actually become a neighborhood. I know by personal experience that it used to take me five days to go from Los Angeles to New York; I can go now in five hours. I remember about 1900 hearing William Jennings Bryant speak. He was the great orator of the day, and one of his attributes was that his voice on any mechanical device could reach 10,000 people. Today, a man speaking with laryngitis can go in front of a microphone and speak to hundreds of millions of people. This means literally that the world has become a neighborhood. And that, as I say, is the hard concept to grasp.

As a result, unprecedented numbers of men and women throughout Asia, Africa and Latin America are beginning to realize that misery is not mandatory. They see that a better life exists for many. They know, from the radio and in some cases from motion pictures, how people live in Canada and United States and Europe, and they are determined to create such a life for themselves and their children and they will not brook undue delay. If their hopes for a future of decency and dignity can be realized, then the world will have taken a giant step towards stability and peace. If, on the other hand, these peoples are denied the chance to make rapid and significant progress, then explosive outbreaks of discontent, occurring ever more frequently, may edge humanity closer and closer to the ultimate nuclear brink.

But, in addition to humanitarian and political reasons, there are sound and compelling business arguments for pressing a world-wide war on want. These arguments apply with increasing urgency to all nations, not simply those we call "emerging". In the industrially advanced countries, automation has already triggered a great productive explosion with far-reaching social, political, and economic consequences. No less potentially explosive are advances in cybernetics, cryogenics, ultra-sonics, thermionics and a host of other technologies so new that their very names were strangers to our language a scant decade ago. With the resultant torrential outpouring of goods and services, there is literally no realistic self-contained



remedy which the advanced nations can apply to their own foreseeable problems of unemployment and under-employment. Only an expanding world economy can provide the industrialized countries with adequate new horizons for their own economic growth. I want to repeat this because this is a great truth that must be grasped: only an expanding world economy can provide the industrialized countries with adequate new horizons for their own economic growth.

In short, an increasingly interdependent world makes peace indivisible from a reasonably-shared prosperity, and prosperity for the few incompatible with poverty for the many.

This brings me to what I regard as the first development challenge of our time -- and that challenge is time itself. For it is most disturbing to note that the gap in living standards and technology which divides the low-income nations from the industrially advanced countries is widening rather than narrowing. Projected figures on world population growth make this trend even more alarming. It is estimated that, by the year 2,000 -- little more than three decades from now -- the earth's population will have doubled. The world will then have some 7 billion inhabitants, and over 5 billion of them will be living in what are now the low-income nations.

Thus we must urgently and continually seek ways to speed the development process. In particular, we must direct our efforts at activities that will help to raise the daily living standards in the emerging nations as quickly as it is humanly possible - activities that will enable millions to find employment at higher incomes, to eat more nourishing food, live in decent homes, clothe themselves and their children, enjoy better health and take advantage of improved public services.

But while progress must be swift - there is a tremendous urgency about this - it must also be solid, so that the ground we gain can be held, with each advance becoming a foundation for further progress. This is the second development challenge I should like to touch upon.

Specifically, I believe that, in drawing up plans for progress, we must take into account the total complex of development needs. It is nearly impossible, for example, to build a stable industrial economy where people are existing on the barest of subsistence diets. I remember very well that when we first got under way with the Marshall Plan I said we must not waste any of our funds on relief. That means that we must think in terms of tools and not just food. Dr. Fitzgerald, who was a very good agricultural economist, said something which stuck in my mind. He said: "Mr. Hoffman, people can't work on 1,300 calories a day". And this is true, so I had to change my mind. Our first shipment of the Marshall Plan was wheat for people who had to have nourishment if they were going to go back to work.

On the other hand, it is often just as difficult to improve agricultural output substantially with home-made tools or without industrially produced fertilizers. And neither the farmer nor the worker will prosper in the absence of a transport network that can get goods to markets quickly and at low cost. Nor can substantial economic gains be made in any key sector if widespread cultural or social attitudes seriously impede progress. And even when these and many, many other domestic inter-relationships have been taken into account, we must look still further to regional and international conditions - so that, for example, a country to which foreign markets are vitally important does not concentrate its efforts on goods which its neighbors can provide more economically.

Just to lighten this rather serious discussion, I would like to say that one problem we have encountered is the problem that is present in many of these countries, and that is that men have never worked. In other words, men have traditionally been warriors, they have been fishermen, they have been hunters, but the women have done all the work. The women have worked in the homes, they have worked outside on the farmland, they have done the trading, and believe it or not, this may sound frivolous, but one of our first efforts in many countries was to create healthy conditions within that country so that men would go back to work. I'm all for not working, but the trouble is, you cannot have development if the men sit around while the women do all the work, and this is what we mean by a social problem. And you have, of course, the superstitions and the myths. There is one way in which you can always tell whether a person has been involved in the developing countries for some time or just starting. Those who are just starting have the easy answers; those who have been in the business quite a time are willing to spend a year or two learning something about a country, its traditions, its background, and its habits of life before they undertake any program. We are working today in 130 countries and I may say that the conditions are not exactly the same in any two of them.

But planning in the context of the total environment also requires the establishment of strict development priorities. In determining such priorities, we must be highly realistic and practical. In particular, we must carefully consider what resources are available, and how these resources can be put to the most productive possible use for meeting long as well as short term needs. And while we cannot, of course, be rigidly dogmatic about development priorities, such considerations as political expediency, prestige, or transient pressure should never be determining factors in our decision making. One of our problems has been to get a number of countries that really desperately need farm-to-market roads to put their money into these roads instead of into an international airline which seems to be a prestige item in the planning of most countries.

For sound development planning, it is also essential to define clearly the proper role of the public and private sectors. While their relative responsibilities for development may vary from country to country, all our experience indicates that success depends on a relationship in which both business and government are strong and effective partners, with each concentrating its efforts on the things it can most effectively do in the prevailing circumstances. This does not necessarily mean that the public and private sectors will always cooperate with unbroken smoothness. It does mean unremitting effort to resolve all conflicts between them constructively. In this regard, the developing nations might well profit from the painful and costly lessons of the industrialized world - where it took better than a century for government and business to accept the supremacy of their mutual interest over the divisiveness of their separate interests. That also applies I think, to the Province of Ontario.

The twin challenges of moving ahead swiftly and moving ahead soundly are, for obvious reasons, not always easy to reconcile. Fortunately, however, the incompatibility of these two objectives is often more apparent than real. For the world is rich in the resources required for both sound and rapid development -- far, far richer, in fact, than was generally appreciated only a few short years ago.

Brazil, for example, possesses the third largest expanse of arable land of any country in the world, over thirty per cent of the earth's known iron ore, high deposits of bauxite, and a hydro-electric potential estimated to exceed that

of any other nation. Libya has proven petroleum reserves so great that, although their development is still in its early stages, she can already export a million barrels of oil a day. The waters of East Asia's Mekong River Basin, if harnessed for irrigation, could make millions of presently low-yield acres into an incredibly bountiful "rice-basket". Such instances could be multiplied almost indefinitely. In fact, there is probably no nation or region so basically poor as to be without substantial and economically exploitable physical assets.

And because Mr. Randall has recently been in Nigeria, I would like to mention another project which will interest you. Several years ago we were asked to make a survey of the Niger River. The Niger River has been flowing to Nigeria since the beginning of time. It is used for a small amount of fishing and for just simply watering farms alongside the banks. The survey we completed, done by two brilliant engineering firms, illustrated that a high dam could be built about 100 miles north of Lagos on the river, which would provide in time, a lake some 15 miles wide and 70 miles long and which would enable Nigeria to irrigate several hundred thousand acres, provide a great inland fisheries business, and provide Nigeria with low cost power. The river has been there, and there are dozens of rivers that have been there, but nothing has been done to put them to work for people.

But the proven potential for growth inherent in the human resources of the emerging nations can be even greater than the potential of their physical assets. For the developing world is largely a youthful world, with more than half its population in or entering what is normally the most productive age group. Admittedly, vast numbers of these young people are badly handicapped by lack of education and technical training. Too often, also, their natural initiative has been stunted by a frustrating lack of opportunity. Yet time and again we have found the most striking proof of intelligence, capability and eagerness to learn, which is a driving urge of people in the emerging countries.

I think anyone who has been around the world will tell you that the phenomenon which is perhaps most evident in all of the developing countries is this eagerness to learn, this quest for knowledge. It is world-wide. Of course at times I am concerned about it because it has begun to build up a myth that there is magic in being able to read or write, that if you are able to read and write from that time on life will be pleasant and easy. This, you all know, is not necessarily true.

The development of these human resources on the necessary scale will obviously require not only more schools and more teachers, but also substantial qualitative advances in teaching techniques. New varieties of programmed learning devices, new methods for teaching by television, wholly new kinds of audio-visual aids -- these are among the many contributions which the science and technology of the advanced countries must make to the development process. It is a contribution which will surely be well repaid, for the new techniques discovered will also be applicable to our own mushrooming educational problems.

This is a case, I think, where we will benefit from what we call reverse lend lease. I still remember Dr. George Stoddard telling me some 10 or 11 years ago: "You know, if George Washington could be reincarnated and should find himself in the City of New York, he'd be utterly amazed by the skyscrapers and the automobiles and the subways and radio and television, but if he entered a schoolroom he'd feel



perfectly at home". There is a revolution now going on in educational methods. That revolution has its greatest expression in the new countries. Africa is short 450,000 teachers. If they use their present traditional methods to reach their objective, this task is impossible. There have got to be new methods found for teaching people how to read and write and learn.

Now if, as we rediscover daily, our world is so very, very rich, why are so many of its peoples so very, very poor? The answer is that the emerging nations have not yet been able to make their vast potential wealth anything like fully productive. I recently asked two questions of a representative cross-section of members of the Society for International Development -- a world-wide group of professionals in the field. First, I wanted their thinking on what percentage of the emerging nations' total natural resources was currently being put to use; and, second, what percentage of these countries' potential human resources? The average estimate of present natural resource utilization was 21 per cent of annual capacity; and that of human resource utilization only 10 per cent. This means that almost 80 per cent of physical resources in the emerging nations -- and 90 per cent of human resources -- represent untapped assets for growth.

I might add that we must not be too smug about this because I did ask a number of college presidents what percentage of the potential mental capacity of their students was being utilized by their students, and the answers ranged from 20 to 50 per cent. In other words, none of us really use our mental capacities to their fullest extent.

There is no mystery about this vast under-utilization of natural resources and human resourcefulness. The emerging nations lack the investment capital, the trained manpower, and the scientific and technical capabilities that are necessary for translating their potential wealth into wealth-in-being. And, try as they may, the low-income countries cannot make up these lacks, in the foreseeable future, without external help. For example, it is estimated that economic development in its first stages requires savings equal to between 12 per cent and 15 per cent of national income. Clearly, it is most difficult for people earning \$100 a year to set aside \$15 of that amount for any long-range purpose whatsoever. Yet they must agree to sacrifice some of their income as investment in a better tomorrow, and they are doing it all over the world.

The major answer to this dilemma is a partnership for progress between the industrialized and the low-income nations. The formation of such a partnership is the third great development challenge of our time.

The United Nations Special Fund, whose managing director I have the honor to be, is, I believe, one example of how this challenge can be met with benefit to both the emerging and the industrialized worlds. Thus I would like to describe very briefly the purpose, philosophy, and activities of what is now the UN's largest single technical assistance program.

Established in 1959, the Special Fund's purpose is to help developing nations attract investment, and become able to use that investment productively in building self-supporting economies. Working through the United Nations and nine of its related agencies, such as FAO, UNESCO, WHO, etc., the Special Fund is currently assisting 485 local or regional development projects in 130 countries and territories.

These projects, whose aggregate cost is over \$1 billion, fall into three basic categories:

- 1) Surveys of available resources and their potential for economic development.
- 2) Facilities for training nationals in the effective use of these resources and training them on the ground.
- 3) Research institutes for applying modern technology to development needs.

This Special Fund approach is one which I christened many years ago with the name of "Pre-investment Assistance" - not only because it precedes investment, but because without it, most developing countries cannot mobilize or fully profit from investment in the sizeable amounts they need for substantial progress.

I might say that the right type of feasibility study prevents investment in the wrong projects, of which there has been a great deal. For example, the 197 large-scale surveys and feasibility studies now being assisted by the Special Fund are helping to provide 86 developing countries with an inventory of their natural resources - what kind, where located, in what quantity and quality, of how much economic value. These studies have already triggered sizeable and timely investments. Seventeen surveys, costing some \$17 million, have to date attracted local and external capital from both public and private sources totalling over \$3/4 billion dollars.

The Special Fund is also helping 97 research institutes develop and disseminate methods for improving techniques of manufacturing, farming, fishing and forestry; for raising productivity, both industrial and agricultural; and for promoting better use of local raw materials. Located in 39 emerging countries, these institutes are also developing new low-cost manufactures for domestic use and new export markets with high earning potential.

Finally, the Special Fund is aiding 191 advanced education and training projects in 74 countries, and these projects have already equipped more than 56,000 nationals to play their part in hundreds of essential occupations -- from plumbing to development planning. Of far-reaching importance and rapidly expanding impact, the majority of these trainees are becoming technical instructors whose contributions to development continually multiply as each, in turn, trains many times his own number of managers, supervisors, technicians and line production workers. The knowledge and skills on which self-sustaining progress depends are thus being home-grown.

I have made the statement that if there was some magic by which we could put 700,000 trained people in these emerging countries as managers, supervisors, foreman and technicians generally, this project of realizing our physical resources could be accomplished in a surprisingly short time.

These Special Fund-assisted projects are major undertakings in size and scope. Cost, on the average, is some \$2 million each and the duration some four years.



The Special Fund is, in every respect, a partnership program. Through field offices located in 79 countries, and staffed by experts of some 50 different nationalities, the Special Fund provides national governments with services that are closely and continuously attuned to local or regional needs.

I have never believed that you could mastermind a program of development from New York or Washington or London or Paris. It has to be done on the ground, the plans have to be drawn on the ground by people who know the conditions within the country and know what is good and sensible for that country in the way of assistance.

For financing the Special Fund's activities, its governing council -- on which developed and developing nations are equally represented -- is pledged to provide some \$440 million. This sum comes from the voluntary contributions of 112 countries, many themselves in the low-income bracket. But what is particularly significant is the fact that 60 per cent of the program's cost -- some \$640 million -- is provided by the developing nations themselves in the form of a counterpart support for their own projects.

This, I think, is all important. We learned long ago that you could only help people who are determined to help themselves, and if they come to us with a project the first question we ask is: "If you think this is such an important project, what are you prepared to put in the project yourself in the way of local materials and local labour?", and only when a satisfactory answer is given to that question, do we decide to go ahead with the project. We have no fixed percentages -- this is not a 50-50 deal. In some cases, we put in 80 per cent of the cost; in some cases we put in 20 per cent. We have to make the determination that a country is giving all it can to a project before that project is approved.

Canada's contributions to the Special Fund are an outstanding illustration of this partnership philosophy in action. They equal some 5 per cent of the total pledged by all the 112 nations now contributing to the program. Canada is, in fact, the Special Fund's sixth largest contributor on both a total dollar and a per capita basis. But it is instructive to note that, as has been the case with many other countries, a sizeable portion of the amount pledged by Canada has returned to benefit her own economy.

Power of their peoples, will enlarge the market for products of the developing lands. And we see some signs that, in however modest a measure, technical resources may be channelled away from the amassing of weapons and into developing the productive tools of peaceful mass production.

Canada's response to the challenge of self-development has been whole-hearted and forward-minded. I must say I was surprised when I got these statistics. From 1946 to 1957 Canada's Gross National Product rose by 56 per cent. After a three-year period of somewhat slower growth, she resumed her rapid upward progress. During 1964, Gross National Product is estimated to have climbed an additional 6 per cent; business spending to have gained 14 per cent and consumer spending 6 per cent. There was a 17 per cent increase in exports, while unemployment fell to its lowest level in seven years.

This is growth on a scale far beyond what is now being achieved in most of the emerging nations. Yet Canada's accomplishments, in many respects, are similar to those the low-income nations seek, particularly in regard to rapid

diversification, the building of an economy in which agriculture and industry find a proper balance, and the fuller development of resources -- human, technical, and physical -- as the key to sustained economic progress.

Similar, too, are many of the problems that Canada has met and that still, to some extent, confront her. For two decades, she has had to import capital in very sizeable amounts in order to fuel her growth. She is heavily dependent on trade, and her economy is highly sensitive to fluctuations in the world market. In some areas, her present industrial plant is operating at, or close to, its maximum capacity. There are shortages of materials, and in certain key sectors such as the building trades, there are shortages of skilled labour as well. Her population is very unequally distributed, with 60 per cent living in the two provinces of Ontario and Quebec. In her extreme climatic and geographical contrasts, in the relationships between her provinces and the central government, and in the diverse interests of her major ethnic groups, she also shows a striking resemblance to many of the developing countries.

As a matter of fact, Canada is, on many counts, in a particularly excellent position to appreciate the value of pre-investment development activity. Only two generations ago, Canada's economy was very largely agricultural. Today she is a leader of the industrialized world -- particularly in the productive use of mineral wealth. Resource surveys, applied research, and technical training played an indispensable role in this transformation. Such activities remain essential tools of Canadian development -- for example, in the exploitation of your vast water resources, for transport and for energy production.

I do not wish to overstress the similarity between Canada's development and that of the low-income nations, for obviously there are many vital differences. But I feel that the likenesses are sufficient to indicate that the prosperous and the low income nations share many of the same development challenges.

Incidentally, this whole concept of development is new. Fifty years ago we were exploiting resources. No one gave any thought to the development of resources. Today we are developing resources, and the word 'developing' has taken its place alongside the word 'conservation'. These are new concepts.

This brings me to the fifth of these challenges -- the challenge to our capacity for understanding where our own enlightened self-interest lies. Barbara Ward Jackson has defined this challenge most eloquently.

'The need', she writes, 'is to remove the work of world development from the subsidiary attention of wealthy nations and to make it the central theme of their diplomacy, their international relationships, their philosophy of world order, their hopes for a future in which not only groups and nations but the human race itself can hope to make this planet into a habitable home'.

Unfortunately, as Miss Ward also pointed out, we are a long way from fully meeting this challenge. In light of what we earn, invest and consume -- in light of what we could very easily afford -- in light of what we are spending on the weapons now considered necessary for peace enforcement -- our investment in peace building through world development is very modest indeed.

There has been much confusion over the actual amount of economic assistance being given to the developing countries. In my opinion here are two -- and only

two -- items of such assistance to which the taxpayers of the industrialized nations are directly contributing. These are grants for development, gifts, if you will, and non-commercial development loans made on a long-term basis with substantial grace periods and low interest or no interest at all.

All other contributions to economic development programs are either private and commercial investments made for private profit, or public loans to be rapidly repaid at normal interest rates. Both are in essence business transactions, and neither is a drain on the taxpayer.

An estimate made on this realistic basis shows that the total of all economic assistance contributions from governments of the industrialized nations -- including those made by the 20 countries in the Organization for Economic Assistance and Development (OECD) -- comes to about \$4 billion a year over the last four years.

For the OECD countries, \$4 billion works out at less than half of one per cent of their combined Gross National Product. And while this is a sizeable sum, it shrinks considerably when compared with the \$120 billion which the taxpayers of the world are annually assessed to pay for the armaments that maintain a precarious balance of terror.

I am not saying that we should not spend money for defence. That is not the issue. The issue is this: a world which thinks it has to spend \$120 billion on armaments because it cannot get on with the peace should realize that all it gets with \$120 billion is some time - time to work constructively in peace-building - and the cost of peace-building does not have to be much over 50 per cent beyond what it is, to do a good job. In other words, instead of \$4 billion, we should perhaps be spending \$6 billion. The difference is \$2 billion. Sometimes I think that if a man from Mars looked down on us and saw a world spending \$120 billion, perhaps necessarily, for armaments, but unwilling to spend that extra \$2 billion, he would decide that perhaps a nuclear war ought to come and wipe us out.

I have touched on five development needs that challenge us today -- speed, sound planning, the formation of a partnership for progress between the advanced and the emerging world, and the exercise of enlightened self-interest. There is a final challenge, harder to define, and perhaps even more exacting -- a challenge which springs from the fact that development is not a technical exercise but a great human enterprise. In the last analysis, the betterment of life for over one and one-half billion people is the one standard by which all our work will be measured. If we fail to give adequate help to the people of the emerging nations who are struggling to make this generation the last of the desperately deprived, then we fail in the great task of our times and the price of such failure may well be beyond our reckoning.

Thus, we are challenged to mobilize not only our material wealth, but our energies, our idealism, our creativity, our courage and -- not least of all -- our faith, persistence and patience. For the world-wide war on want demands, and surely deserves, no less of a total commitment than we have given in the past to the wars of man against man.

Happily, if we turn our backs on complacency we can face the future with confidence. For we have gained measurable ground.

If as yet we do not know all the answers to the complex problems of development, at least we have reached the point where we can ask the right questions. This is more than half the battle. And this is why I feel that conferences such as the one that is opening here today have so much to contribute to our world-wide war on want.

AREAS OF ECONOMIC STRESS IN CANADA

by

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My responsibility this morning is primarily to report on a conference held at Queen's University some three weeks ago, on January 21 and 22. At the end of the report it is hoped that you will permit the liberty of a few personal remarks about the subject of regional differences in economic development.

The title of the Queen's Conference was: "Areas of Economic Stress in Canada". The conference was planned as a rather small meeting that was to bring together persons from universities, the federal government of Canada, provincial governments, local governments, business, labour, and others known to be keenly interested in the conference subject.

The conference lasted two days. The first day was given over to theoretical and general considerations, and the second to specific policies.

On the morning of the first day we studied economic, social, political and geographic changes that have occurred in Canada since the Second World War -- changes which either have created or accentuated areas of economic stress here. We also gave attention to some techniques of identifying areas of stress. During the afternoon of the first day we looked at the theoretical approaches to problems arising from differences in regional development.

On the morning of the second day we examined existing policies in the United States and the United Kingdom, hearing papers by speakers from each of those countries. In the afternoon of that day we studied existing federal and provincial policies of Canada.

All in all, eight working papers were presented. Two selected discussants criticized each paper, and general discussion from the floor was invited to each paper. The two final discussants of the conference represented industry and organized labour in Canada, and their remarks contained reaction to the final session plus such additional comments about the entire conference as each discussant desired to make.

Our conference yielded a number of ideas which, if not startlingly new, may be of interest to this Conference on Regional Development and Economic Change. While mindful of possible slights to particular speakers and discussants who addressed our conference, I shall attempt to review some of the ideas and suggestions we discussed, placing them under four headings: definition, delimitation, cause, and treatment, of areas of economic stress.

#### Definition of Areas of Economic Stress

What is an area of economic stress? Is it to be defined in purely economic terms, or are social, political, and still other considerations, including level of education, to be included?

Our initial speaker, Professor John F. Graham of Dalhousie University suggested that our concern is with areas of economic distress that frustrate the fullest development of our society's potential. Like several other speakers, Professor Graham placed low income per person at the top of his list of specific indices, thus emphasizing the importance of the word "economic" in his concept of stress.

I believe that I can safely say that this emphasis also was assumed by most speakers and discussants at our conference. Our affluent societies in Canada and that of the United States and other technically advanced countries might well consider a recent action in tiny Puerto Rico. Having been concerned specifically during the past two decades with raising per capita income in a movement called "Operation Bootstrap", the Puerto Ricans already have set goals beyond materialism in a new program called "Operation Serenity", which emphasizes such non-economic values as more thorough appreciation of the arts.

Accepting a low-income definition, buttressed by low employment and under-employment, we may ask again what constitutes an area of economic stress. Is it a place where a once-dynamic economy is now functioning less efficiently, such as a coal mining town? Or is it an area with only meager natural resources that are insufficient even to support agriculture or mining or forestry, and hence an area that never has grown very actively? Do Indian reserves and Eskimo settlements qualify as areas of economic stress?

One suggestion at our conference was that these two types of area -- the once-dynamic places that now are slowing down and the other type that never has been very active -- be classified separately. These have been so classified by the United States Area Redevelopment Administration, but I am under the impression that this agency now is considering the dropping of such a distinction, substituting classes of areas based mainly on combined indices of unemployment and low income.

#### Delimitation of Areas of Economic Stress

A second concept, overlapping the first, involves identification and mapping of areas of economic stress. By what criteria and by what size of measurement unit are such areas to be recognized?

The Area Development Agency of Canada uses unemployment as its main criterion in setting aside its designated areas, and has accepted an existing pattern of National Employment Service local office areas as its geographic units of delimitation. The Area Redevelopment Administration in the United States also depends chiefly upon unemployment in designating one of its two types of areas of 15,000 workers or more, and uses journey-to-work areas based on county lines as its units of delimitation for this particular type of area. The administrators of the Canadian Agricultural Rehabilitation and Development Act Program depend appreciably on low-farm and non-farm income in the United States which have been set aside by ARDA, and the United States Area Redevelopment Administration uses similar criteria as guide lines in distinguishing counties of rural stress there.

A suggestion was made at our conference that out-migration of people from an area might well be added to low income and high unemployment. Another suggestion involved use of a productivity index that would show level of productivity and rate of change in productivity with the passing of time.

One very interesting idea, in a paper by Professor Brian J. L. Berry of the University of Chicago, was that a large number of census criteria be considered initially, and that all of this information be sifted into a few classifications for the final delimitation of areas of stress. For example, in defining rural poverty in Ontario, he considered such census data as average total income per farm operator, number of farm operators with incomes under \$1,000 per year, number with

incomes under \$2,000 per year, under \$3,000 per year, under \$4,000 per year, plus other types of census information about low-income farming. You understand I am not giving a total list of this criteria, just a few examples. He also recorded analogous information about the nonfarm rural inhabitant.

Through mathematical factor analysis and use of computer he has been able to group together the various criteria -- 31 in this case, but he could have used more -- into five factors or classifications of positive and negative relationships. This method has the advantage of beginning with a number of criteria and ending with a very few categories, thus providing the accuracy obtainable through use of many indices yet the simplicity of ultimate map delimitation on the basis of only five classifications.

As to the size of measurement unit, the initial measurement unit, it is very important that only areas of stress, and not territory beyond, be delimited at the outset. Otherwise our areas of stress have little meaning. There were several suggestions that we should begin with very small areas, smaller than any for which information now is collected, and aggregate these into increasingly large units until an area of stress can be recognized. This method would have the advantage of accuracy. It would have two definite disadvantages. One is added expense. The other is that the disclosure rule -- the rule preventing release of information that might reveal confidential secrets of a given firm -- would need to be invoked more often.

The suggestion also was made at our conference that census information would need to be updated more frequently than is now the case, if only on a sampling basis. One of the primary handicaps of agencies treating areas of stress is that all too often such agencies are working with information that is out of date.

In considering delimitation, we mentioned also the importance of the functional region, especially as expressed in daily commuting patterns. Geographers recognize two basic types of region. One is called a homogeneous or formal region. It is a portion of the earth's surface in which one or more features are sufficiently alike that a line can be drawn around such a region. The North American spring wheat belt, the Ontario-Quebec (or Quebec-Ontario) dairy belt, and the St. Lawrence Lowland are three examples of such a homogeneous region. The first and second examples are distinguished by, in this case, a concentration of certain types of productivity. The third is delimited as a physical feature -- a river valley.

In this paper, I have been talking by implication of the homogeneous region in setting aside areas of stress: whether with a few or many criteria we have been setting aside areas, like pieces in a jig-saw puzzle, because they exhibit low income, high unemployment, etc. However, man's organization of space on this earth is not static. Metropolises, cities, towns, villages and other central places exert influence over the adjacent countrysides. Thus a second type of region, the functional region, comes into being.

A functional region has a point of focus where most basic decisions are made and most headquarters, supply centers, etc., are located. From this central point, lines of attachment -- transportation and communication ties -- reach to surrounding territory. With increasing urbanization of Canada and most other nations, the functional region is becoming more and more important. For our regional delimitation of areas of stress, the most direct and useful concept of the functional region



is the journey-to-work zone, which in Canada reaches outward to 30 miles or more, and occasionally to so far as 60 miles, from a central place.

Still another suggestion in our Queen's Conference was that we should not be content with delimiting areas of economic stress, but should also delimit and measure areas of marked economic advance so that the two types of areas could be compared feature for feature.

Yet another suggestion involved aspects of stress that cannot be measured. How do you measure psychological outlook or way of life? Perhaps the inhabitants of an area that many of us would consider an area of stress are very pleased with things as they are. One speaker was of the opinion that if these people are satisfied with their lives they should be left alone. It was mentioned, however, that if the existence of such areas becomes burdensome to the national or provincial economies, in the way of subsidies etc., outsiders may well be acting appropriately if they examine the economic efficiency of such an area.

### Causes of Regional Decline

What causes a region to grow or decline? Obviously if we knew, there would be no need for such conferences as the one we now are attending. It is also obvious that no full and final answers to such a gargantuan question can be provided in a conference as short as that held at Queen's. However, Professor A. D. Scott of the University of British Columbia did indicate at our conference that we should look more closely at the staple or export theory for an explanation.

If we think of regions within a country as exporters of products in the way we consider a nation to be an exporter, a region may grow when its relative advantages in producing an export commodity become greater than such advantages in competing regions of that country or abroad. Whether a particular region is a surplus producer of furs, or agricultural commodities, or certain manufactured products, or certain services, its combination of land (natural endowment), labour, capital and entrepreneurship may place it in such an advantageous position. If, however, that advantage is lost because of change in demand for product, or a new kind of technology, or still another unforeseen reason, a downward spiral of economic activity may take place there.

Of the three basic factors of production -- land, labour, and capital -- the first is fixed and obviously will not migrate. Because of inertia, both of the other two will remain in an area longer than they should. Of the two, capital will move out sooner than labour which, now rooted in the community, resists outmigration. Lacking income once supplied by the export, labour settles into a semi-subsistent and impoverished condition. Such outmigration as takes place involves the more dynamic people, leaving the region more impoverished than before. Migration from such an area will continue more or less indefinitely, but may be balanced by a natural increase in population. The region may stabilize as to population growth, and depend on subsistence farming plus some income on the side from the sale of a few farm products and some part-time work in such industries as remain. If, of course, there is a renewed demand for the commodity the community once exported, or another commodity is discovered or produced there that is in demand, the region may revive once again.

Without referring to this particular theory, Professor T. N. Brewis of Carleton University offered some evidence to support it in his review of differing

rates of growth among the provinces of Canada. His Table C showing net migration from the Maritime provinces and the Prairie provinces from 1931 to 1951, and the continuing of this trend to 1961 except in Alberta where oil and gas fields provided a new export staple and enabled that province to achieve a substantial net inflow of population, he appeared to document Scott's thesis. Professor Graham indicated that in the Atlantic provinces the population continues to increase despite substantial losses through outmigration, thus aggravating the distressed conditions there.

### Treatment of Areas of Economic Stress

Before mentioning specific policies concerning areas of economic stress, I should stress one important point. At no time during our conference was the suggestion made that the laissez faire concept should prevail and that areas should be left to do or die, come what may. By common understanding we seemed to be in agreement that such areas deserved careful attention. This does not mean, however, that all areas of stress should be given financial assistance. The suggestion was made several times that some areas may well be encouraged to decline, and assistance offered to re-train and move inhabitants from those areas, if careful study indicated that they had little or no chance to compete, now or in the future.

Of the various technically advanced countries concerned with internal pockets of economic stress, the United Kingdom was among the earliest to take specific action. Beginning in 1934, Britain initiated a series of measures to aid specific areas -- initially North Wales, Northeast England, Cumberland and Central Scotland and later other, usually smaller areas, such as Merseyside and South Wales.

Professor Gerald Manners of University College, Swansea, stated that actual policies involved in the British experience have made use of the "carrot" and the "stick" by the central government -- that is, on the one hand, financial benefits to those who would locate in the delimited areas, and on the other, restrictive licenses forcing new plants of specified dimensions into such areas. Establishment of government owned trading estates -- we call them industrial parks -- to attract private industry to desired places, and the building of new towns to house the incoming workers, are among specific action to aid depressed areas in Britain. These policies did indeed succeed in reducing what had been serious differences between rates of economic growth in these depressed areas and the rapidly expanding London area. This early legislation concerned only manufacturing, and only recently have restrictions been reducing these inequalities in certain services, especially the building of offices to accommodate these services.

Beginning in 1963, the concept of growth points -- central places within each lagging area -- has been given special attention. These central places, it is argued, have the best chance to compete with London for offices accommodating the services that now are becoming so important, as well as some manufacturing. Thus certain new offices are being constructed, with guidance from the national government, within central places of the depressed areas rather than in the London area. Commuting zones to those growth points become growth zones.

Professor Manners' adverse criticism of British policy centered especially on the indiscriminate encouraging of various types of industries and services to all lagging areas. He believes that more careful attention should have been, and should be, given to precisely which type of activity could best be moved where.

The United States long has been interested in lagging areas, and prior to

1960 several bills were passed containing provisions aimed partially at assisting such areas through sectoral adjustments. In 1961 the Area Redevelopment Act became law, setting up the Area Redevelopment Administration to identify and offer assistance to areas of stress, chiefly through loans to private organizations, loans and grants to public bodies for developing land, etc., retraining of employee skills, and technical assistance. Nearly one-third of the country has been designated as qualifying for redevelopment, and nearly one-fifth of the population lives in this designated territory.

Recognizing the increasing importance of the services in a modern economy, the Area Redevelopment Administration has attempted to attract commercial enterprises, including tourism, as well as manufacturing and research to the designated areas. Their only tool has been the "carrot"; they have not had the advantage (or disadvantage, depending on viewpoint) of the British "stick". How successful the ARA program has been I shall leave to your judgment, as at least one of its representatives is present at this meeting. Some of its more severe critics have charged that it has overextended itself by taking in too much territory in its embryonic years, and that it, like its British counterparts, has not been sufficiently discriminating as to what types of activity should be encouraged to locate in specific places.

However, Mr. Gordon Reckord, deputy administrator for program development of that organization, indicated that over 120,000 new jobs had been created by ARA activities since that organization came into being, and offered further impressive evidence of its success. One aspect of the Area Redevelopment work I do commend to the attention of those present this morning is the emphasis on cooperation with local people. Once an area has been designated as qualifying for redevelopment, a responsible local organization must submit an OEDP (or Overall Economic Development Plan) before it can qualify for specific projects. Preparing such a plan, frequently with the help of a consultant, requires a locality to assess carefully its natural and human resources and its potential in the state and national economies. The old "shot-gun" approach to attracting industry, wherein anyone is asked to come in with whatever plant or service establishment he cares to bring along -- is replaced by a more careful planning of what is feasible.

It is difficult to examine existing measures to cope with economic stress in Canada, chiefly because such measures have been activated recently. Of the efforts of the federal government, ARDA (the Agricultural Rehabilitation and Development Act) was proclaimed in 1961 and ADA (the Area Development Agency) in 1963. Aid to the Atlantic provinces, especially particular aid to certain industries like transport subsidies to coal, is, of course, of somewhat longer standing. During an afternoon in which we looked at federal and provincial programs we heard from Professor E. G. Pleva of the University of Western Ontario and Mr. L. O. Gertler of H. G. Acres Company. Some suggestions from that afternoon can be summarized in three points as follows:

- 1/ The present federally-administrated programs are as yet fragmentary and lacking a clear focus. One speaker went so far as to describe the situation as "programs without policy".

- 2/ Provincial programs were assessed by Mr. Gertler in terms of five major influences: (a) impact and regional incidence of Canada's structural



employment problem; (b) necessity of making structural adjustments by changes in the pattern of using resources; (c) emergence of a concern with "quality of life" and environmental resources; (d) increasing scale of, and importance for, fiscal policy; and (e) unequal participation of regions within provinces in economic growth and opportunities. He further classified provincial approaches to areas of stress into two categories: (a) integrated programs structured, respectively, for entire provinces, and (b) decentralized, regionally-oriented programs. He placed Quebec, Manitoba, Saskatchewan, New Brunswick, Nova Scotia and Prince Edward Island into the first group and Ontario, British Columbia and Alberta into the second. Newfoundland he found to share features of both groups.

3/ Certainly for provinces engaged in the regional, decentralized programs, the question of administration arises: can such regions, subdivisions of provinces, be workable economic units or even subunits if there is no governmental machinery at this level to implement them? This is a question which doubtless will arise repeatedly at the conference we are now attending. Professor Pleva called for a "super-county", comprising several existing counties, but advised caution in adding yet another level of government to the Province of Ontario, which he described as probably the "most governed" area in the world at the present time.

In summary, we raised many questions at our conference, but reached no panacea for regional economic development. Expecting a panacea might be expecting too much. The Soviet Union, after nearly 50 years of seeking planned panacea, now is breaking new ground by experimenting with the profit motif. We did succeed in our conference in bringing together theoretical and practical men and women from different walks of life and they communicated to a degree I had not anticipated. This is the first and extremely important step.

Neither the theoretical nor the practical expert has all of the answers and neither does any single academic discipline. Only by seeking a common ground can we hope to solve for our time the perennial problems associated with excesses of economic stress.

However imperfectly, my account up to this moment has been an effort to review the recently held Queen's Conference on Economic Stress. If you will grant the liberty, may I add a few personal **remarks**.

Structural trends in technically advanced countries like Canada indicate clearly that neither the primary industries nor manufacturing can be counted on to take up much more of the slack in slow growth areas. The relative importance of these primary and secondary industries, even manufacturing, is declining when measured by labour force, in such countries as Canada and the United States. The service or tertiary occupations offer the most promising hope for relieving unemployment and low income.

Available studies indicate that these tertiary services can best be performed in central places, and that large central places seem to have advantages over small ones. Open countryside beyond commuting distance to such central places may well find themselves at an increasingly serious comparative disadvantage. To compete with large places, several dispersed communities with populations ranging up to 75,000 may find an advantage in cooperating to locate a central airport and other transport facilities serving the entire dispersed community.

A point insufficiently emphasized at our Queen's Conference: with activities, we must stress more education as well as technical training in Canada. It is possible that a person may need to change professions or trades at least once and perhaps more often in his lifetime. Special centres, some of them located in outlying areas - depressed areas, if you will - offering a wide range of courses enabling persons with diverse backgrounds to pick up their education and training where once they left it, are not beyond the range of feasibility. Encouraging employees to accumulate a "labour sabbatical" instead of cutting the work week back to 35, 30 or 25 hours would appear wise policy. We have not yet begun to conceptualize the scale of education and re-training that will become increasingly necessary to maintain employment -- and wise use of leisure time.

Areas of economic stress or distress rightfully are subjects of concern and responsibility at different levels of government. The conference in which we are now participating is evidence of that sense of responsibility on the parts of provincial and local representatives. However, it is the national economy which must compete in world markets, and it is at the national level that the whole spectrum of Canada's regional differences can be viewed.

At the other end of the spectrum, our concern in conferences like the one at Queen's and the one now being held here basically is with people and their local institutions. I happen to have spent my early years on a dust bowl farm, and remember vividly that my father once planted winter wheat in the fall, and the south wind blew it away; he then planted spring wheat, and it died; he planted barley that same spring, and it dried up; he then planted maize, a quick maturing sorghum, and even it didn't grow. So he stacked weeds in a vain effort to feed his cattle. Such an experience is not unusual, but it does serve as a constant reminder that we who profess to be interested in economic stress are speaking of the welfare and destinies of human beings, not digits, and that we cannot quickly dismiss a community on the say-so of a computer.

REGIONAL ECONOMIC DEVELOPMENT IN ONTARIO

by

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\* I wish to acknowledge the assistance of two of my department colleagues, Professors J.T. Horton and N. Pearson, in the preparation of this paper. They collaborated in the original investigation and in the several preliminary drafts, and may rightfully be considered as co-authors.



## UNDERLYING PROBLEMS AND BASIC NEEDS

The concept of regional economic development and regional planning is not new in Ontario; it is just the terminology that is new. It dates from the earliest days of settlement when broad administrative districts were established primarily to administer justice in those parts of the province where development was taking place. The very concept of responsible local government itself, as embodied in the Baldwin Act of 1849, which created counties, districts, and other municipalities, was based upon the idea of regional economic development. The marks of what was essentially planned regional development are evident upon the face of old Ontario: in the patterns of the townships and counties, the network of roads and railroads, and the distribution of settlement.

Despite the acceptance of the concept of economic development on a regional basis, the province, over the years, has been hampered by the lack of an effective level of regional government to deal with regional problems on a regional scale. I think this is the crux of the problem.

In many instances it appears that the county was conceived as a town-centered region that would provide a municipal governmental unit through which regional economic development could be effected. Unfortunately, it seems now, the Baldwin Act gave only specific responsibilities to the county, with all residual powers going to the local municipalities. Thus the counties were unable to deal with many issues that were really regional in nature, because these matters were outside of their jurisdiction. In the early decades following the Baldwin Act, the local municipalities increased in importance as they assumed more and more responsibilities, while the county decreased in importance as major towns withdrew from the county system and both cities and towns annexed large built-up areas from the county.

The rapid development of Ontario then placed strains upon the municipal structure. In rapid succession came the stabilization of agricultural settlement, the industrial revolution, the railway age, the second industrial revolution based upon coal and later hydro-electric power, the post World War I tides of immigration, rapid urbanization, and the impact of the automobile and the building of a modern highway network. The division of powers between the regional (county) and local municipal governments, and the inflexibility of boundaries partially resulting from the Territorial Division Act, produced an inflexible municipal structure which was incapable of meeting the problems of these changing economic patterns and the changing needs of society.

Because assessment and taxation are in the hands of the local municipalities, they are continually competing with one another in various phases of economic development, often to their mutual detriment, rather than co-ordinating their efforts to their mutual advantage. In areas where urban centres have grown together into metropolitan agglomerations, the cities have engaged in a seemingly futile competition with one another to annex suburban developments.

In many cases annexations have not kept pace with urban growth, and consequently cities have spilled out into adjacent rural townships. In this way the central city has lost control over the form and pattern of its suburban growth. The rural township has usually not been adequately prepared to handle the problem resulting from rapid urbanization. The result has been a generally haphazard and

disorderly urban growth, uneconomic to service and leading to many problems for both the urban and rural municipalities.

The more rural regions also suffer from fragmented municipal jurisdiction. The rural municipalities not only compete with one another, but they also find themselves competing for industrial development with the large metropolitan areas which usually have a number of comparative locational advantages. In the slower growth areas, only the pooling of leadership and financial capabilities resident in the municipalities can make possible the optimum development of the natural and human resources of the region.

It seems clear that regional economic development and regional planning in Ontario have been handicapped by a municipal structure which had shortcomings even in the days of colonization, and which today has been almost completely outdated by changes in regional economic growth patterns and regional economic growth needs.

Another underlying problem besetting effective regional economic development and regional planning in Ontario has been that of co-ordinating the development programs of the various provincial government departments, branches, and agencies in a way that makes them complementary to one another instead of competitive. With increasing centralization of provincial government authority, there is a need for the provincial government to enunciate clearly defined principles of regionalism to be used by all departments concerned with natural resources, the use of land, and economic development. There is a need for an integrated plan of attack on regional inequalities, and it should be drawn up using the benefit of local experience but on the scale of regional units. There is at the local level a need for a means by which the rigid municipal structure can be adjusted to solve the real problems of today.

#### PROVINCIAL GOVERNMENT RESPONSE TO REGIONAL ECONOMIC DEVELOPMENT NEEDS

I have reviewed very briefly some of the underlying problems and basic needs related to regional economic development and regional planning in Ontario.

The provincial government has responded to these needs in five basic ways: (i) establishment of Ontario government administrative regions and implementation of programs on a regional basis, (ii) formation of inter-departmental committees, (iii) reorganization of government departments (iv) creation of specific government branches and agencies, and (v) encouragement and assistance to municipalities in creating regional organizations in which the municipalities can cooperate with one another to solve their mutual problems, promote economic development, and plan for the optimum use of the resource base within the region's boundaries.

At this point I wish to discuss the relative success of these actions as well as indicate some problems yet unsolved.

#### Establishments of Ontario Government Administrative Regions

Because of the size of the province, government departments have found it necessary to establish regions and subregions for the purpose of

administering legislation and carrying out departmental programs. Partially because of the lack of effective municipal units on a regional scale, many of the Ontario government departments have increasingly had to rely upon their own administrative regions. The growing acceptance of regionalism as a valid concept in the development and conservation of resources and in economic and municipal planning, has led to an increased emphasis on regional programs implemented through administrative regions. There has been a growing tendency to establish regional offices to help administer Acts on a regional basis.

Generally, each department has delimited its administrative region for its own specific purpose, without regard to regions of other departments. The basis for delimiting administrative regions has varied from department to department. In some cases the regions have been delimited on the basis of physical geography. Other regional boundaries have been chosen arbitrarily in order to divide the province into areas with approximately equal amounts of administrative work. For still others the delimitation of regional units seems to have been made on an ad hoc basis which is difficult to explain.

The situation produced by a large number of different sized regions, whose boundaries do not coincide, has been further complicated by the introduction of a multiplicity of subregions and districts generally arrived at in the same haphazard manner. The net result is an apparent maze of administrative regions and districts that often cut across basic statistical data gathering units such as counties and townships, thus making it difficult to analyze trends in resource use and economic development, and difficult to formulate and implement planning and economic policy. If you want an illustration of abstract art or a ground jigsaw puzzle, plant all of these administrative regions on the map of Ontario and see what happens.

There are, it seems to me, compelling reasons why those departments whose policies greatly affect economic development should jointly make a re-appraisal of their administrative regions. I know this is a mammoth task, and I could discuss this at some length, but I think that I should move on.

#### Formation of Interdepartmental Committees

It is widely recognized that the policies and programs of nearly every department directly or indirectly affect economic development of the various regions of the province. Because of this interdependence of government departments, in a given region the policy and program of one government department may either complement or tend to negate the results of the policy and program of another.

Over the years there has been considerable evidence in Ontario of a lack of effective co-ordination of policies and programs of the various government departments and agencies concerned with regional economic development and regional planning.

From time to time the Ontario government has established inter-departmental committees in an attempt at solving these problems of co-ordination. One of the most significant of these was the Cabinet Committee on Conservation and Land Use formed in 1961. To assist the cabinet committee, there was established at the same time a subcommittee of civil servants, known as the Conservation Advisory Committee. Dr. E. G. Pleva, a geographer from the University of Western Ontario, was retained as a consultant to the committee.



The greatest benefit arising from the Cabinet Committee on Conservation and Land Use was the better understanding of the roles and functions of the different departments gained by the senior civil servants. Branch chiefs from various departments were provided with the opportunity of discussing how their programs were interrelated and what problems they had in common.

However, there is little evidence to indicate that the committee was very effective at the ministerial level, or that it resulted in any co-ordination of major policies or programs. Nor did the committee achieve what I think should have been its major purpose, that of establishing a provincial policy for natural resource use to be used as a basis for a comprehensive program of development.

The Cabinet Committee on Conservation and Land Use, as well as the advisory committee, seems to have ceased to operate. Before any other inter-departmental committee is considered by the Ontario government, it should -investigate thoroughly the accomplishments and shortcomings of this conservation committee. It would seem to me, because regional economic development is even more inclusive than the field of land use and conservation, that there is perhaps more need for an interdepartmental committee to be concerned with regional economic development than there is for the one that existed previously.

#### Reorganization of Government Departments

Since so many government departments influence regional economic development, another means of attempting to coordinate the program policy of the department has been the reorganization of government departments, and all of us have from time to time heard about the various department shuffles and branch shuffles from one department to another. One of the most notable was the formation of the Department of Planning and Development.

The Department of Planning and Development was formed in 1950. It was recognized that physical community planning for urban development must be co-ordinated with economic planning, and therefore the Community Planning Branch was added to the Department of Planning and Development. As is shown in the following quotation, this new department, which was called the Department of Planning and Development, to integrate economic planning and physical community planning, was specifically charged with the task of co-ordinating government policies.

The Minister shall collaborate with the ministers having charge of the other departments of the public service of Ontario, with the ministers having charge of the departments of the public service of Canada and of other provinces, with municipal councils, with agricultural, industrial, labour, mining, trade and other associations and organizations and with public and private enterprises with a view to formulating plans to create, assist, develop and maintain productive employment and to develop the human and material resources of Ontario, and to that end shall co-ordinate the work and functions of the departments of the public service of Ontario.



For various reasons the Department of Planning and Development was never able to carry out the co-ordinating responsibilities assigned to it. In a short time the Community Planning Branch was taken away from it and placed in the Department of Municipal Affairs. In early 1961 the name of the Department of Planning and Development was changed to the Department of Commerce and Development, and finally, the Department of Economics and the Department of Commerce and Development were amalgamated to form the Department of Economics and Development, the one that has sponsored this conference. The co-ordinating functions of the Department of Planning and Development were passed on to its successor.

With the exception of the work of the Regional Development Division, the Department of Economics and Development appears to have done little to co-ordinate other department policies and programs relating to economic development. Perhaps this underlines the fact that in our parliamentary form of government, the Cabinet is the ultimate co-ordinating body. Therefore, it is difficult for any one department or branch to effectively co-ordinate unless there is solid support by the Cabinet for such co-ordination.

#### Creation of Specific Government Branches and Agencies

The limitation of time has restricted this paper to a very brief analysis of only a few branches most directly involved in regional economic development.

##### a) Regional Development Division of the Department of Economics and Development

There is no legislation formally establishing the Regional Development Division, nor any specific written terms of reference for it. It was originally created to administer the grants of money made to the regional development associations, give assistance and direction to these associations, and generally to provide liaison between the associations and the Ontario government.

With a limited staff, the Regional Development Division has made a commendable attempt at assisting the regional development associations in their programs. However, in order to provide the regional development associations with the expert advice and guidance that they really need, the manpower of the Regional Development Division would have to be strengthened to include specialists in areas such as industrial location analysis, resource inventory, land economics, regional planning, etc.

As a liaison organization between regional development associations and the government, the Regional Development Division has not been very successful. Government departments prefer to receive, it seems, information and requests either from their own field officers or directly from municipalities rather than from the regional development associations through the Regional Development Division. Generally, the regional development associations themselves have chosen to bypass the Regional Development Division in submitting briefs directly to specific ministers or to the prime minister.

The Regional Development Division has been even less successful in co-ordinating the policies and programs of government departments. Any requests for assistance, cooperation, or co-ordination of efforts from other departments, as well as from other divisions in the same department, have often been met with something less than enthusiasm. Again I think this underlines the difficulty of one particular division or branch attempting to co-ordinate the policies and programs of all other departments and branches in the government.

b) Trade and Industry Branch

This is another division of the Department of Economics and Development that is directly involved in promoting regional economic development. In fact, at one time the Regional Development Division was part of the Trade and Industry Branch. The division of this branch most directly related to regional economic development is the Municipal Services Division which gives advice and guidance to individual municipalities regarding the promotion of industrial development. The Municipal Services Division not only gives advice on steps to be taken to help attract industry, but also provides municipalities with leads on industrial prospects.

The Trade and Industry Branch recently embarked on a policy of encouraging area industrial commissions in which several municipalities will seek jointly to attract industry to the area. It is also attempting to broaden the industrial promotion concept to include all aspects of economic development. While this is commendable, it does overlap with the Regional Development Division which encourages municipalities to pool their efforts at attracting industry through regional development associations.

If these expanded area industrial commissions are going to broaden their scope to include all aspects of regional economic development, then these, in effect, become little regional development associations within the larger regional development association, but associated with a different division of the same government department. If these divisions worked closely with one another, such a set-up might be dependable. The fact is that there appears to be very little co-ordination of the program between these two divisions.

c) Tourist Industry Development Branch

In addition to administering the Tourist Establishments Acts, the Tourist Industry Development Branch of the Department of Tourism and Information provides guidance and advice to tourist operators and tourist associations. The branch, through its regional and district offices, provides the chain of two-way communication between government and the tourist operators. The branch also administers the distribution of grants to regional tourist councils and carries out field surveys of present and potential tourist resources.

According to written terms of reference, the director of the Tourist Industry Development Branch is responsible for ensuring that the activities of his branch are co-ordinated with the policies of other branches in the Department of Tourism and Information. He is also required "to ensure that the actions of other departments are in the industry's best interests." So, we see that we have another branch which is supposed to be a co-ordinator.

The Tourist Industry Development Branch has the same difficulty as the Regional Development Division in attempting to co-ordinate the activities of other departments. The regional supervisors, in keeping with their terms of reference, attempt to persuade other departments to carry out special projects or develop certain resources, but not always with success.

Rather surprisingly, the Tourist Industry Development Branch has not attempted to co-ordinate its programs closely with those of the Regional Development Division. When regional tourist councils were established, little regard was given to correlating their regional boundaries and promotion programs with those of the already existing regional development associations and so we have at this point three branches of government, all which are involved in a particular aspect of economic development, all of which must by the nature of their work attempt to co-ordinate the activities of the other branches.

d) Community Planning Branch

The Community Planning Branch of the Department of Municipal Affairs has the responsibility of assisting, advising, and regulating the planning activities of municipalities. However, as urban communities began spilling over municipal boundaries, it was recognized that community planning must be carried out on a regional basis. The Community Planning Branch has subsequently encouraged and assisted municipalities to form joint planning areas. According to the Planning Act, it is the responsibility of the planning board of such an area "to investigate and survey the physical, social and economic conditions in relation to the development of the planning area." Thus it seems clear that the Community Planning Branch is concerned with both regional economic planning and regional physical planning, as the two cannot really be divorced.

From time to time the Community Planning Branch has conducted regional pre-planning studies. It has been stated by government officials on a number of occasions that the purpose of these surveys was to provide the facts upon which a regional planning organization could be based. However, in most cases the regional studies have not resulted in the establishment of an effective planning organization. The government seems to have been unwilling to act unless there was a spontaneous demand from the municipalities in the region, and the municipalities have not requested action because they do not seem to appreciate the need for a regional organization to tackle problems that are on a regional scale.

Recent developments in my own home County of Waterloo provide an exception to the above statement. After completing a study of the planning organization in Waterloo County at the request of the local municipalities, the Community Planning Branch published a report which recommended the dissolution of a number of joint planning boards and the establishment of a County Area Planning Board with an adequate technical planning staff. After this recommendation met with the approval of the majority of the municipalities in Waterloo County, the Department of Municipal Affairs announced ( in February, 1965 ) that a new county area planning board would be formed and that financial assistance would be provided up to 25 per cent of the board's total budget.



Included in the terms of reference for the new Waterloo County Planning Board is the task of "area promotion." Thus it appears that the Department of Municipal Affairs is encouraging regional planning boards to take on the function of regional promotion which is also a major concern of regional development associations.

Some of the legislation dealing with matters of regional planning indicates how widespread is the co-ordinating responsibility of the Community Planning Branch, if it is to carry out its regional planning functions adequately. Although the following list contains only a few of the Acts with which the Community Planning Branch must be concerned, it serves to demonstrate that the co-ordinating functions of that branch are both necessary and complex.

- ( i) The Planning Act
- ( ii) The Assessment Act
- ( iii) The Municipal Act
- ( iv) The Highway Improvement Act
- ( v) The Lakes and Rivers Improvement Act
- ( vi) The Municipal Drainage Act
- ( vii) The Conservation Authorities Act
- ( viii) The Parks Integration Board Act
- ( ix) The Parks Assistance Act
- ( x) The Provincial Parks Act
- ( xi) The Public Parks Act
- ( xii) The Ontario Water Resources Commission Act

Thus it appears that co-ordination is as much a function of the Community Planning Branch of the Department of Municipal Affairs as it is of several other of the branches I have mentioned. In fact, if you are going to get involved in economic development and physical planning of a region, then you have to do it on a co-ordinated basis. Perhaps one of our difficulties has been that we have had a number of these branches all attempting to do the co-ordination independent of one another.

I cannot leave government branches without a final word on one agency - the Agricultural and Rehabilitation and Development Agency.

f) Agricultural Rehabilitation and Development Agency

Because the ARDA program is vitally concerned with rural economic problems, it cannot be ignored in any analysis of government agencies related to regional economic development. In fact, the ARDA program, to be effective, must be fully integrated with other government regional economic development programs.

One of the difficulties with the ARDA program in Ontario is that it seems to be a program primarily concerned with agricultural problems instead of the total rural economic development. Consequently Ontario ARDA has not authorized a number of proposals with promising possibilities for increasing economic development because they appear to fall beyond the scope of the Department of Agriculture. Particularly in the field of regional resource and regional economic analysis, it would appear that the provincial government is losing an excellent opportunity of obtaining some very substantial funds to support



major research projects that could be carried out jointly by existing government research branches, universities and research consulting firms.

### Regional Organizations at the Local Level

The fifth major response of the provincial government in Ontario has been the assistance and the encouragement of regional organizations - that is, local groups and local municipalities, joining together in order to solve jointly some of their regional problems.

The first of these is the organization known as the

#### a) Regional Development Associations

The post World War II tendency toward concentration of industrial economic expansion in and around the major metropolitan centres brought increased demands from other areas of the province for a more equitable distribution of growth benefits in Ontario. In reply to growing demands in general, and from Eastern Ontario in particular, the Ontario government in 1954 made possible the introduction of the first regional development association, the Eastern Ontario Development Association. In subsequent years, eight additional regional development associations have been formed to cover all except four counties centering on metropolitan Toronto.

Terms of Reference - There is no official government document which outlines specific terms of reference for regional development associations in Ontario. In 1954 a government publication reviewing the aims and purposes of the regional development program contained the following statement, and it has been repeated so often in other government documents that perhaps it has become semi-official:

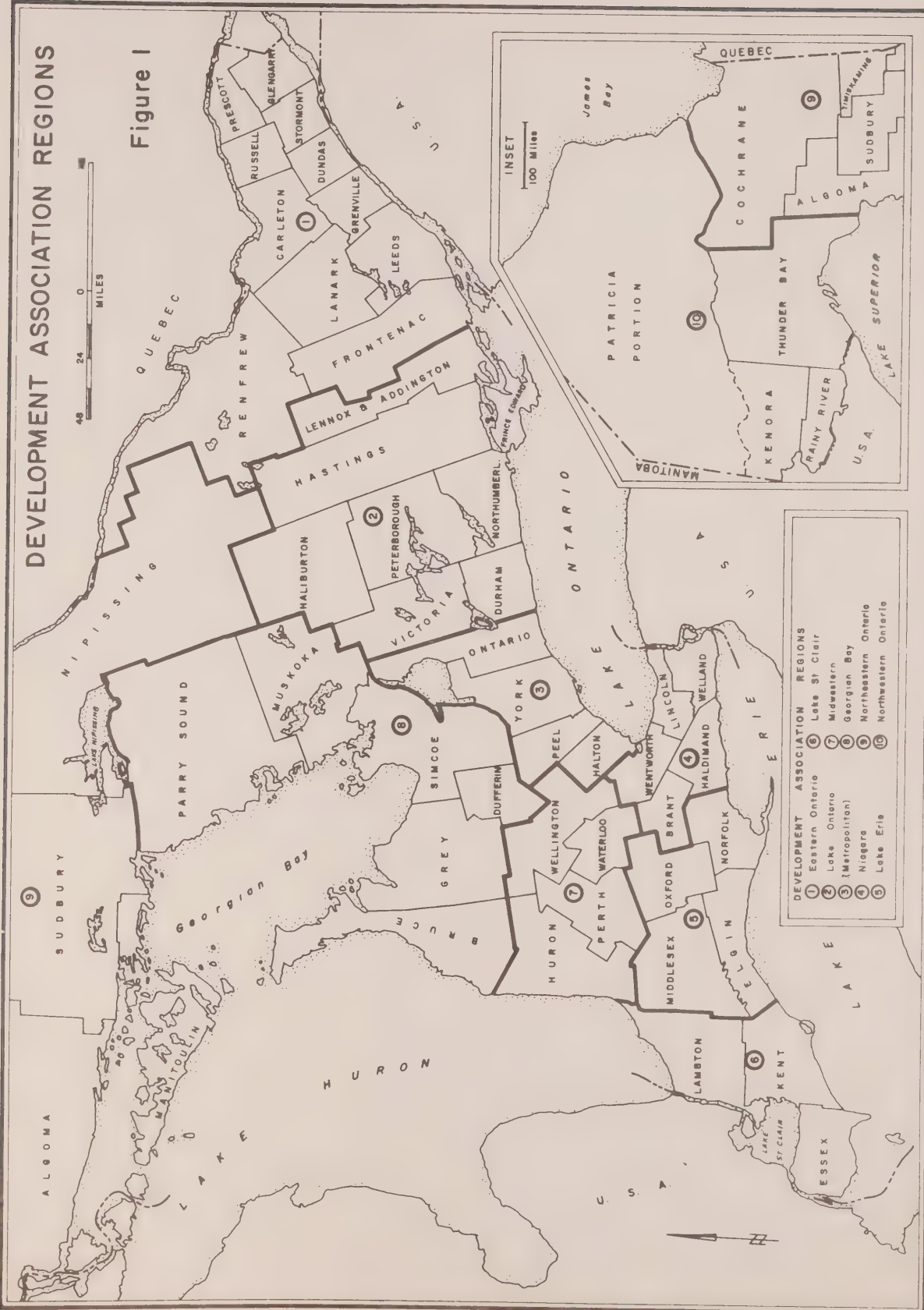
This development program was founded on the following basic principle - not to replace, but to encourage and support local initiative on the part of the people directly concerned in their efforts to solve their own growth problems and to lay long-range plans for the sound, orderly development of the region in which they live.

The regional program called for an entirely new approach to development on a regional basis and the establishment of a new organization - a "development association" in each region.

Under the charter the associations are empowered to take an active interest in all or any phase of development within the regions, including industrial development, the tourist industry, agriculture, mining, community planning, education, highways, lands and forests, and so on. In fact the partnership arrangement provides that all the services offered and administered by the 17 departments of the Ontario government be made known and be made available to the associations for use in the attainment of their objectives.

DEVELOPMENT ASSOCIATION REGIONS

Figure 1



- DEVELOPMENT ASSOCIATION REGIONS
- 1 Eastern Ontario
  - 2 Lake Ontario
  - 3 (Metropolitan)
  - 4 Niagara
  - 5 Lake Erie
  - 6 Lake St. Clair
  - 7 Midwestern
  - 8 Georgian Bay
  - 9 Northeastern Ontario
  - 10 Northwestern Ontario

continued on inset

Although there was no indication that this statement constituted official government policy (the document was unsigned) it has been, as I said, referred to often enough so that it has become at least semi-official.

TABLE I  
MEMBERSHIP DATA  
REGIONAL DEVELOPMENT ASSOCIATIONS  
1964

Regional Development Associations	Area (sq. miles)	Number of munic- palities	Number of Municipal Members	Population	Percentage of Population in R. D. A.
EODA	10,231	150	33	778,426	58%
NWODA	213,000	46	26	181,090	91%
GBDA	11,500	152	59	300,465	44%
LODA	9,500	106	47	325,508	61%
NEODA	104,650	131	41	444,178	40%
MODA	3,670	78	33	381,739	62%
NRDA	2,170	60	43	805,933	72%
LERDA	3,358	71	21	403,579	55%
SCRDA	2,750	70	29	447,763	30%



With the exception of modifications in financing agreements, it would appear that these terms of reference have remained unchanged to the present.

Boundaries - The boundaries of the development association regions of Ontario were delimited by the province in 1954 to coincide with those of the 10 statistical data-gathering regions which had been previously established. Unfortunately these data-gathering regions are not sufficiently related to the underlying regional economic structure of the province. In other words, they are not functional regions. Now one could write a whole paper on the problem of defining regions for economic development and we likely would find no two people who would agree on the precise boundaries. I would suggest, however, that we do have the technology and the methodology to date to define better regions than now exist and this is one of the first research projects that we should get into.

I shall skip financing as this is relatively unimportant. The provincial government offers a matching grant. It started off at about \$10,000 if the region would match it. It is now up to \$15,000, if the region will match it, therefore giving a potential budget for each development region of approximately \$30,000.

Because of the voluntary nature of membership and the matching-grant basis of provincial support, a great deal of the development association manager's time is consumed by the need to continually "sell" memberships. The nature of membership and grants also makes it very difficult to do long range programming. The association never knows what its budget will be in the following year because it does not know how many members it will have. The loss of one or more major urban centres can place some associations in financial difficulties. It would seem that if the province is really convinced that regional development associations are worthwhile and are of value to the people of the region, then municipal membership should be made mandatory.

Accomplishments - Time does not permit a discussion of the many programs and accomplishments of the nine regional development associations. I will summarize by saying that initially the regional development associations took a rather narrow approach to regional development and, in effect, became regional industrial commissions. However, it was soon discovered that industries are not attracted by promotion literature alone, and also that it is a hopeless task to try to satisfy every municipality in a region that it is receiving fair treatment.

Tourist promotion has been another important aspect of activities of some regional development associations. In some instances particular development associations realized that their greatest opportunities for regional economic growth lay in the development of the tourist industry because they lacked the industrial location advantages enjoyed by some other sections of the province.

In their tourist promotion activities the regional development associations first ran into competition with local tourist resort associations and later with regional tourist councils. There has been a commendable degree of co-operation in some regions but bitter rivalry in others. Some cases of controversy are based upon the fact that often both the regional development associations and tourist promotion organizations appeal to the same municipalities and the same business firms for support.

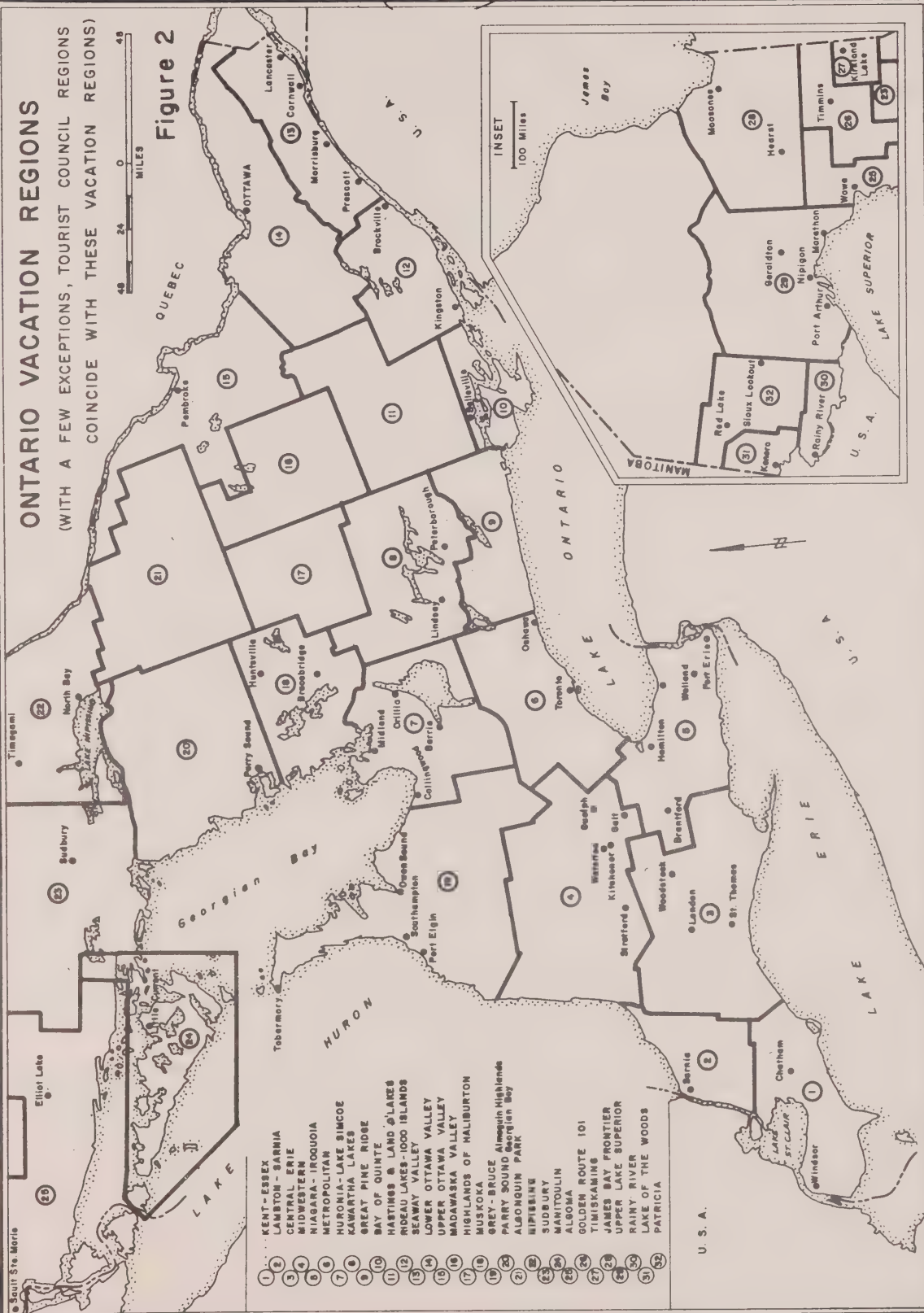
# ONTARIO VACATION REGIONS

(WITH A FEW EXCEPTIONS, TOURIST COUNCIL REGIONS COINCIDE WITH THESE VACATION REGIONS)

Figure 2

0 24 48 MILES

- 1 KENT-ESSEX
- 2 LAMBTON - SARNIA
- 3 CENTRAL ENIE
- 4 NORTHWESTERN QUINIA
- 5 METROPOLITAN
- 6 HURONIA-LAKE SIMCOE
- 7 KAWARTHA LAKES
- 8 GREAT PINE RIDGE
- 9 HASTINGS & LAND OF LAKES
- 10 RIDEAU LAKES-1000 ISLANDS
- 11 SEAWAY VALLEY
- 12 LOWER OTTAWA VALLEY
- 13 UPPER OTTAWA VALLEY
- 14 MADAWASKA VALLEY
- 15 HIGHLANDS OF HALIBURTON
- 16 MUSKOKA
- 17 GREY-BRUCE
- 18 ALQUIN HIGHLANDS
- 19 PARRY SOUND
- 20 ALQUIN PARK
- 21 NIPESING
- 22 SUDBURY
- 23 MANITOULIN
- 24 ALGOMA
- 25 GOLDEN ROUTE 101
- 26 TIMISKAMING
- 27 JAMES BAY FRONTIER
- 28 UPPER LAKE SUPERIOR
- 29 RAINY RIVER
- 30 LAKE OF THE WOODS
- 31 PATRICIA



In recent years regional development associations have come to realize that industrial and other economic development is attracted by a pleasant community environment and so they have become proponents of community planning.

They have also come to realize that if a region obtains industry and urban development, all that it is hoping for but is not prepared to plan properly for, that the resulting haphazard development will destroy any existing advantages of municipal convenience, amenities, and pleasant living environment; and will ruin forever the other resources such as prime agricultural land, forests, fisheries, recreational space and water supply. Recognizing this, some regional development associations are becoming strong proponents of regional planning.

However, a regional development association cannot initiate regional planning because the Planning Act comes under the jurisdiction of another department. Nevertheless, regional development associations can do much to cultivate the concept of regionalism and to create a climate of opinion which will permit the formation of a regional planning organization. Regional development associations provide a valuable service by creating a forum in which municipalities can meet to discuss problems common to the whole region.

The second regional development organization at the local level which I would like to discuss briefly is:

#### b) The Regional Tourist Councils

In 1961 the Ontario government passed legislation authorizing matching grants of up to \$5,000 per annum to be paid to regional tourist councils. Immediately we had a large number of regional tourist councils formed. Some of these merely were formalizing local tourist associations that had existed long before that.

The boundaries of the tourist council regions - and there are some 30 of them - leave something to be desired. In Eastern Ontario, for example, there seem to be too many tourist councils to promote tourism adequately for the whole region. Recently in Eastern Ontario they have formed an association of tourist councils in an attempt at overcoming this problem. In other parts of the province secretaries of tourist councils have complained that their regions are too large and include tourist areas that have nothing in common with one another.

In general, tourist council regions were drawn with little consideration for the location of regional development association boundaries. Because of the common interest of these two organizations in tourism, it would seem advisable to delimit their boundaries in a manner that would be mutually advantageous and would facilitate co-ordination of their efforts.

In their efforts at promoting tourism in their regions, the tourist councils have engaged in a number of projects. Many have set up effective displays at the annual Sportsman's Show in Toronto. Some have sponsored special events such as carnivals and fishing competitions. Others have published booklets containing excellent historical and geographical descriptions of their region.



Tourists can be kept in a region for a period of time only if there are interesting things to do and see. Therefore, an important aspect of regional tourist council activities is to encourage the actual development of tourist resources. The encouragement and assistance in developing tourist attractions in the Huronia Tourist Region could very profitably be emulated in other tourist regions. We recommend that all tourist councils increasingly emphasize the tourist resource development aspect of tourist promotion, instead of concentrating almost entirely on various forms of advertising.

By-and-large, tourist councils have worked as independent organizations, and have neglected to co-ordinate their activities with and enlist the support of other organizations interested in the tourist trade, such as chambers of commerce and regional development associations.

It is particularly essential that the regional tourist councils and the regional development associations begin discussions immediately that will straighten out their respective positions with regard to tourist promotion in order to assure that their efforts are complementary. At present the lack of communication and understanding between the regional tourist councils and the regional development associations has created a serious problem which could be eliminated if past injuries were forgotten and a serious effort made to see one another's point of view. There is an urgent need for both of these organizations to work together for the benefit of the regions which both seek to serve.

The last local organization interested in regional development that I wish to mention is:

c) Joint Planning Boards

For many years municipalities have been carrying out numerous planning functions under the Planning Act with varying degrees of success, but since growth has spilled over the boundaries of these municipalities, it was seen that we must have a joint effort at controlling this group and so we had joint planning boards established.

It is the responsibility of a joint planning board to conduct a necessary survey and to formulate an official plan which will then guide the development of all the municipalities within that particular region.

In theory this looks good; in practice we have had some difficulties. For one thing, we have had difficulties in having realistic joint planning areas created in the first place - that is, the boundaries of these joint planning areas have not always been where they should have been.

Secondly, the difficulty has been in getting these joint planning boards to actually plan, to hire professional planning staff, to lay out a basic, official plan, and to have it implemented by the individual municipalities.

In its move towards broader joint planning areas, the government has given these joint planning areas the responsibility of area promotion. So we have in this move towards regional planning more over-lapping with some of the other regional development organizations that have been created in the past.

## SUMMARY AND CONCLUSIONS

Historically, it appears that there have been inadequate adjustments in the attitudes and organization of the provincial government, and insufficient changes in the structure of local government to meet the rapidly changing regional needs of a province undergoing almost explosive economic growth accompanied by radical shifts in social and economic patterns.

The Government of Ontario has responded to changing economic conditions and regional needs in a variety of ways, which I have discussed briefly. Viewed independently, a number of these actions are very commendable indeed. However, by pursuing many avenues of unrelated adjustments and activities, the situation has been in some respects worsened, due to overlapping responsibilities, contradictory purposes and confused jurisdictions.

Because regional economic development and planning necessarily involve a number of government departments, there can be no really effective development program unless there is co-ordination of policies and programs of those departments. Since the Cabinet is the ultimate co-ordinating body of the provincial government, there is an urgent need to establish again a Cabinet committee similar to the Committee on Conservation and Land Use, with broadened terms of reference to include all aspects of regional economic development. In making this recommendation, I am quite aware that this Cabinet committee will not work unless the prime minister and his Cabinet ministers are convinced of the need for co-ordination and are willing to take responsibility for ensuring that committee policies are implemented.

One of the major projects of this proposed Cabinet Committee on Regional Development would be to formulate a Provincial Development Plan containing major policy statements relating to regional economic development and regional planning. This plan should establish a generalized land use plan for the province containing broad categories such as urban, prime agricultural, recreational, etc. A Provincial Development Plan would also facilitate co-ordination of provincial long range economic planning with that of the regional organizations and local municipalities.

At the local level, many of Ontario's regional development problems stem from inadequate municipal government organization and structure. Instead of making an agonizing reappraisal of the municipal government structure, the provincial government has superimposed upon it another layer of organizations. These regional organizations have been, in many instances, amazingly successful. However, the ultimate solution for regional economic growth problems in Ontario, in my view, must involve a governmental framework that includes effective regional government units.

I propose the following possible steps to achieve this goal:

1. Strengthening of county governments as a first stage in establishing effective regional government units.

Although the county (or district) in many cases may be far from the ideal, because of its deep historical roots, the fact that it is a recognized piece of territory, politically organized, means it has the potential for becoming the nucleus of the regional government units that we need in the province.

It might be necessary to put the cities and towns back into this county, in fact I think that it would be, and this is just the beginning.

2. Adjustments to county and other municipal boundaries.

Because county (or district) boundaries in a large number of cases are not quite in the right places, it is essential to make major adjustments in these boundaries, perhaps in some cases merging of counties or the creation of what Dr. Pleva calls "super counties".

3. The formation of county development boards.

To work in harmony with this new "super county", a County Development Board should be formed to unite the present activities of the regional development associations, joint area planning boards and regional tourist councils. In other words, have one major development board to give advice to a regional government unit. The area covered by the advisory board would be coincident with the area covered by your regional level of local government.

4. The organization of associations of county development boards.

It would appear that there is a need for associations of groups of county development boards to facilitate consultation on matters concerning broader economic regions, and to permit co-ordination of the programs and plans of the various county development boards. This could provide the vehicle through which provincial government could co-ordinate plans that encompass a number of county units, recognizing that the "super-county" as we have described it might not be big enough for a number of regional economic development programs. We would have to have associations of these groups of counties in order to let them talk to one another and co-ordinate the efforts of one "super-county" with that of another.

5. Co-ordination of provincial government departmental programs directly relating to regional economic development and regional planning.

The importance of co-ordinating policies and programs of different departments and branches of the provincial government can hardly be overemphasized. Unless there is close co-ordination at the provincial government level, some of the proposals previously made will be impossible to execute, and the end result of all the attempts at reform at the local level will meet with very limited success. It is for this reason that I recommend, regardless of what other action is taken, that the government establish a Cabinet Committee on Regional Development, and further, that this Cabinet committee begin working as soon as possible on a Provincial Development Plan to act as a guide for departmental programs.



In this report, most of the criticisms and recommendations have been directed at the provincial government. In so doing I am not unmindful of the shortcomings of local government and of the apathy of the general public concerning matters of regional economic development and regional planning. Although I admit that government cannot proceed too far ahead of public opinion, I feel that government does have the responsibility of providing education and leadership.

I am glad to be able to say that we are beginning to get the kind of government leadership that will keep Ontario in the vanguard as far as regional economic development is concerned. The legislative committee set up to study the Municipal Act and related acts has suggested the need for a complete overhaul of municipal organization and structure. Government officials have publicly announced that the county should be strengthened as a first step towards regional government. In fact, the government appears to be already moving in that direction. It would appear that the municipal structure is no longer considered sacrosanct. If this is true, then Ontario is on the verge of overcoming one of the major barriers to effective regional development. It is now up to the citizens of the province to show that they are ready to accept this kind of leadership.

The fact that the Ontario government has sponsored this conference augers well for the future of the province.

UNITED STATES WAR ON POVERTY

by

Edgar May,

Deputy Director of Volunteers and Service to America,

Washington, D. C.

I would like to talk to you today about our War on Poverty, some of its early problems, a few of our early achievements, and some unfinished business in the field of social reform. Now at first blush, it is something of a paradox, I believe, to come here as an American and to talk about poverty. I think this paradox is not restricted, if you will, to a speech delivered in Canada. It is a paradox that I find at home in community after community in which I travel. Because in every one of these communities we are adding up the bench marks of progress - new records in car sales, ever growing bank deposits, increased housing. All we have to do is look about.

So against this backdrop, ladies and gentlemen, it is extremely awkward to be an itinerant salesman for a War on Poverty because in too many places, and too often, the cause I espouse is hard to see amid the glitter of prosperity. But today in my country there are problems, and the problems as they affect the individual cannot be obscured by the word 'prosperity', a word that for many Americans, for many of my countrymen, is only a word in the dictionary rather than a next-door neighbor.

But today, without the drama of the breadlines, without the thunderclap of a depression, some of these problems are being noticed. And this is significant. The War on Poverty is 129 days old today, and it is significant that we are becoming aware. And if I were to enumerate our early achievements, I would clearly list this as number one, because the first task of reform, the first prerequisite for change, is awareness of evil. And in my country, in my prosperous country, we are becoming aware of evil - the evil of poverty amid affluence, the evil of ignorance amid learning, the evil of hunger amid plenty, and the evil of the hopeless spirit amid glorious optimism. These are the evils of America's slums, whether you find them in the crossroad shacks of West Virginia, in the tattered walk-ups of New York, or in the Negro and Mexican ghetto of Los Angeles. They are the unwanted residents, if you will, of my country's not so residential areas. They are the bacteria that weaken not only our wasted Americans but America itself, and it is of these things that my countrymen are becoming aware.

But even at this early stage, this awareness is not complete and it would be false for me to suggest it. We are aware, for example, that there are some difficulties in a place called Appalachia, in a place called Harlem, on the south side of Chicago, in certain neighborhoods in Los Angeles. Now we are in the process of making every American aware that the problems we talk about, the difficulties that the Congress and the President has asked us to alleviate, exist not only in the trade names of poverty, but exist a mile or two miles from where many of us live.

The question is not one of kind, the question is one of degree. To illustrate my point: in the neighboring and closest state, the State of New York, in Westchester County, a county that is a bedroom suburb of New York City, one out of 12 Americans is considered poor. One of four non-white Americans living in Westchester County is considered poor. And this year Westchester County will pay the third highest public welfare bill of any county in New York State outside of New York City. Therefore, the question is not one of kind, it's a question of degree. That this be understood is a prerequisite if our War on Poverty is going to succeed.

Now you ask 'what does he mean by who the poor are?' We certainly have no shortage of statistics. For example, 1 million children grow up in families in my country with incomes of less than \$20 a week; 9 million families are housed in shacks or tenements, ill-fed, poorly clothed, cut off from the world of abundance around them. Nearly 1 million boys and girls will drop out of school this year before they get a high school diploma; 1 million mothers will try to rear a family without the support of a husband. In 1953 we had 800,000 families within my country which lived on an income of less than \$1000 a year. In 1960, we had 1 million.

But these are statistics, and by themselves they have not convinced and not shown my countrymen who the poor are. I submit that the War on Poverty addresses itself to a new poor dressed in old images. And the fact that Americans have recognized we indeed have a new poor, or are in the process of recognizing that we have a new poor, has permitted the War on Poverty to be launched.

What do I mean by a 'new poor'? I mean that our image of the poor in the immediate past has been the poor of a depression day. In short, a middle class poor. We had storekeepers, we had foremen, we had factory workers, we had even some college professors who, if not on the welfare rolls, were on various government works programs. They were indeed a middle class poor. The economy took their job away from them and they needed income. They did not need to know how to keep house. They did not need to know how to raise their children. They did not need to know how to do a job. All they needed was the opportunity to do a job.

Today we have a new poor who are slowly being recognized as being dressed in that old image. Who do I include among the new poor? I include first of all the Negro. Now you say that the Negro has always been poor. This is true. But his poverty has a newness today because of where it exists. In 1910, eight of 10 American Negroes lived in the South and three-quarters lived in rural areas. Today, over half of the Negroes live outside of the South and three-quarters live in urban areas. This has been not only the last but possibly the greatest American migration.

When the Negro comes to the city he has, in short, very little to sell. It is hard to raise chickens on a New York City fire-escape, and it is tough to raise a crop in the back-alleys of Chicago, and this is the dilemma.

Among the new poor we have what I call the 'de-skilled American'. He's the chap who once did a job well but a machine came along and took it away from him. Here again, what does he have to sell? He got that job let's say 35 to 36 years ago, where his father worked in a steel plant, and the father said to the foreman, 'look, my kid needs a job. He's big and strong and he's sick of school, will you take him?' And the foreman said 'yes, we'll take him; bring him in in the morning'. There was no four-page form to fill out; there was no social security card to give; there was no physical examination to take; no personnel interviews and there were no tests. He was big and strong, and he got that job. Now 30 years later, a machine comes along and takes this job away from him because it can do it better and more cheaply and certainly faster.



Now he goes about the countryside from personnel office to personnel office, and he goes and sits in one of these pastel-colored cubicles, with the pastel-colored desk set, the pastel-colored telephone and a pastel-colored receptionist. The pastel-colored secretary comes in and gives him a four-page form to fill out and midway in between, in parenthesis, there is a little line which says 'please list previous positions held' and he can't read that. In short, what does he have to sell?

Among the new poor in my country, we have 'the school drop-out'. Here again, we ask 'what does he have to sell?' What happens to him when he goes in that pastel-colored cubicle and he gets that form and he gets to the midway point where it says 'previous positions held' and he can't read that either.

In short, we have a new poor. In short, the War on Poverty addresses itself to that new poor.

The War on Poverty has a newness to it in my country because it is occurring at a time of prosperity. It does not need the depression, the bread lines, the soup lines to propel it. This is significant, and this is new. But the idea to which we have dedicated ourselves is not particularly new, and I certainly don't want to claim newness for it. In fact, you can go back and read St. Thomas Aquinas, Martin Luther, and various others, and find ample substantiation. And maybe there is a sidepoint of significance here because we have managed to bring government into step with what we preach on Sunday or on Saturday, whatever happens to be our persuasion. This is no small achievement.

In the 12th Century a gentleman wrote something I'm sure many of you are familiar with. This philosopher talked about eight degrees, eight steps of charity.

I would like to read you the eighth because it may be the predecessor of President Johnson's War on Poverty or, particularly, the Economic Opportunity Act of 1964, its formal title. The philosopher wrote: 'Lastly, the eighth, and most meritorious of all, is to anticipate charity by preventing poverty, namely to assist the reduced fellow man either by a considerable gift, or a loan of money, or by teaching him a trade, or by putting him in the way of business, so that he may earn an honest livelihood and not be forced to the dreadful alternative of holding out his hand for charity.' To this the Scripture alludes when it says 'if thy brother be waxen poor and fallen in decay with thee, then thou shalt relieve him, yea, though he be a stranger or a sojourner, that he may live with thee.'

This is the highest step and the summit of charity's golden ladder. This is also the Economic Opportunity Act of 1964 with some of editing. But we have no gift to give. We have departed from the welfare theory. We are trying to stress teaching him a trade, putting him on the path to business, providing a loan of money, and seeing that he earns an honest livelihood.

Now, how are we doing this? Let me briefly review some of the major points of our effort.

First of all, in the area of youth, and our War on Poverty concentrates heavily on youth because it is there that we intend to cut the cycle of poverty, we have the Job Corps. The Job Corps is virtually a new education system, a new residential training and educational system, where this year 40,000 young Americans between the ages of 16 through 21 will receive residential training in basic education, good work habits and job skills. Many of these are in rural centres, known as Conservation Centres, where 100 or 200 young men will stay for anywhere from six months to two years and receive this basic education that I'm talking about under excellent adult supervision.

When we first proposed the Job Corps, people said 'these young hoodlums, these young punks will not respond; how do you expect them to go as far away as Oregon or New York City to live there, and leave the only life they've ever known behind.' A strange thing happened, I think it was nine days ago. We were preparing a press release that said we had received 75,000 applications for the Job Corps, and from the time of preparation to the time that the press release was issued, the actual figure was 88,000. We are receiving these applications from boys and girls throughout the United States, at the rate of 6000 or better a day. We have the first young men in Job Corps Centres in New Jersey, in Maryland and in Oregon. This is one aspect of the War on Poverty.

Another aspect dealing with youth is the Neighborhood Youth Corps. This is similar to the Job Corps but it is not residential. It will provide part-time employment for youth still in school and full-time employment, job training and educational skills for those who drop out, but in their own cities and in their own communities.

In the youth area we also have the Work-Study Program. This is for needy college students - college students who need additional work, who need a job besides scholarships in order to stay in school. They work either on the campus or in non-profit government agencies within the city on a part-time basis, and the federal government reimburses these institutions. Today, we have 600 colleges already involved in this program.

A major part of the War on Poverty is the Community Action Program. These are local anti-poverty projects - planned locally, organized locally, carried through locally, and supported by the federal government. We pay 90 per cent from our federal funds and the locality puts up 10 per cent. This local anti-poverty program has already resulted in 131 separate grants throughout the United States. Individual cities, counties, or townships can apply for a grant from Washington. We also provide technical assistance funds to the States to help communities plan these programs.

We help the impoverished farmers and marginal businessmen. For example, one of our early loans was to expand a luncheonette from a 12-seat luncheonette to 16 seats. It took a steel worker out of a steel plant where he worked part-time and operated the luncheonette part-time. He now does this full time. He is truly a small business man.

Finally, we have a program called VISTA - Volunteers In Service Through America. We take Americans 18 years of age and older, and have them enlist in the War on Poverty Program where they will serve on Indian reservations and in urban and rural slums for one year. The financial arrangements we make with them are less than magnificent. We pay them \$50 a month, and we supply their room and board.

Anyone who wants to start, anyone who wants to help, we'll take. To date, in the first few months of the program, we have received more than 8,000 applicants, and they are coming in faster than they came in at the Peace Corps. In short, there is an air in my country, a feeling among many of my countrymen, to do something big and clean. VISTA permits this kind of participation to do something big and clean.

In all fairness I must turn to a few of the less than satisfactory parts of the War on Poverty. I would be less than honest if I didn't tell you that we have some unfinished business in my country. We have some unfinished business if the War on Poverty is going to win unconditional victory. For example, there is nothing in the legislation, in the Economic Opportunity Act of 1964, that talks about real help - teachers' salaries, building classrooms to improve education on a mass scale. Now we are permitted in local anti-poverty projects to support remedial reading, free school programs, adult basic education programs, but we cannot rebuild the schoolhouses in Appalachia. Nor can we provide books or the trained, talented and enthusiastic force of teachers that belongs there.

We have some unfinished business as well in the area of public welfare. We have, in my country, one fully trained social worker for every 20,000 relief recipients. In some of our states we still pay less than 50 cents a day to feed, clothe, and house an American child. The State of Florida, which I'm sure attracts some of you to vacations, we pay a maximum of \$81 a month to a family on welfare, regardless of how many children it contains. This is indeed some of our unfinished business.

I believe, ladies and gentlemen, that it can be legislated. But there is one piece of business upon which the War on Poverty rests that cannot be legislated, and that is the question of citizen participation. It is a question, I think, that has relevance not only in my country, but possibly in yours. If our War on Poverty is to succeed, if social reform in the Western hemisphere is to have true significance, I think we must re-evaluate, if you will, our definition of charity. We must re-evaluate it so we do not only look at it as writing a cheque. The United Fund and a variety of charities have a campaign, and we send a cheque. Someone in the family has a birthday and we send a cheque, instead of taking the trouble to see, and look for, an appropriate gift. How much easier it is to write a cheque than to participate.

I suggest that if my country's War on Poverty is truly going to have meaning and succeed, it will take more than government to do it. It will take the individual to re-define what he means by charity; to augment that cheque with service given of himself and herself. Is the lawyer, besides sending his contribution, going to support six, seven, eight or nine free clients in a court? Is he going to take a half dozen from an impoverished neighborhood and fight their battles? Is the businessman going to truly join the local War on Poverty Committee and make a contribution and be there at every meeting instead of simply having his name on the letterhead? Is the industrialist going to loan two, three, four, five, or maybe more of his most skilled foremen to supervise government work training programs? Is the housewife going to go into the impoverished neighborhood with her church group and rent a store front and staff that store front and participate in remedial reading classes in homemakers service? Is she going to augment that cheque for a clothing drive or for a cake sale with real service in the neighborhood where that service is needed?



I think these questions need to be answered. Upon their answer rests the success or failure of our War on Poverty. Success in any venture like this will be measured one step at a time. It will be measured, for example, by a child first learning his A B C's, measured by a mother on welfare first learning how to read so she can help her six year old get through the first grade at school. It will be measured by a 17 year old who, for the first time, scrawls a sentence, the first complete sentence on the board. These are the measurements of success.

Permit me to read you a letter sent and received some weeks ago. This boy was in a pilot project to see how the Job Corps would work, and this is what he said:

"This is the next to the last day. Even though I didn't think I would, I think I'm going to miss this place. I've met a lot of different people here, and found out how they live. Perhaps some of them I'll never see again, and maybe I'm wrong, but I think this program was to draw people together who probably would fight on the outside. If I go back to the way I used to live, I think I'll be able to think before I do something. And I've found out something, that I need a lot of growing up. I don't know, but I think I've grown up a little since I've been here."

And then he continued in a post-script: "This is nighttime, and the same day. I just returned from my graduation and I saw something I either never saw before or I never cared to look. I saw my mother being proud of me, and it might seem stupid to you, but it made me feel good".

This is, I think, the epitome of my country's War on Poverty.



APPALACHIAN REGIONAL DEVELOPMENT PROGRAM

by

John D. Whisman,

Executive Secretary of the President's Appalachian Regional Commission

Perhaps the thing that I should say first about the Appalachian Region, especially to regional planners and regional developers, is that it is not a region. Appalachia is actually a collection of parts of regions - the upland back yards of a number of regions whose borders form the centre ridgeline of Appalachia and whose urban service centres lie outside Appalachia.

These part regions are not well joined by any systems of commerce or communication within the region. In fact, the purpose of the Appalachia Program is not so much to tie these part regions together into one internal operating region, but rather it is to attack the common problem of these part regions, which is to gain a better working relationship with the rest of their region outside Appalachia. Appalachia is less concerned with joining its parts together in internal commerce than it is with relating its resources and people more successfully to the commerce of the nation and the world.

Hearing that this region is not a region may place you on the alert and perhaps on the defensive in your reactions to anything you hear about Appalachia and the Appalachian Program. I hope that you will be alert not to respond in anything like the normal way to anything that we say about Appalachia. I know it is redundant to point out that regional development is a custom job in every case. By its definition it means the tailoring of programs to fit a particular region. But these are rules even for the custom tailor and the regional planner. Please pay no attention to any rules, if you admit to knowing any, while we discuss the Appalachian region. In Appalachia we have not tailored just the program, we are customizing the rules for tailoring.

Someone has already observed that when we began the Appalachian Regional Program we threw away the book. I must confess to you that those of us who started the program had no book to throw away. So let me follow my own suggestion and begin by saying, first, that "the Appalachian Region is not a region".

Yet it is obvious, from the fact that I am here today - and from perhaps more worthwhile evidence - that Appalachia is about to become the proving ground for what well may be the world's most advanced, sophisticated and, we hope, successful program of regional planning and development.

The Congress of the United States may well pass, within the current phase of the moon, the Appalachian Regional Development Act. This Act will establish a program which was first viewed as a unique way to meet a unique problem.

Less than two years ago any solution of this problem was regarded as impossible; the creation of any act to establish regional planning or regional development as a serious concern, much less to be passed, by the American Congress was regarded as impossible; and the word "Appalachia" was something few had heard of and even the geologists couldn't agree on.

Today, as the Act sails through Congress at historic speed, it is not considered impossible - on the contrary, it is hailed proudly as one of the key measures of a new and vigorous national administration. It is looked upon as a glamorous and popular political action, and I hope you will dwell upon that in your own thinking, and as a harbinger of success in bringing regional planning and development into focus as a favored approach for designing and administering

programs to meet our nation's most difficult problems. I might point out here that the Economic Opportunity Program, the War on Poverty, was born out of the side of the Appalachian Program. Basic strategy was developed and sold with the selling of the Appalachian program.

Appalachia has now become a word well recognized - and predictably misunderstood - by most everyone. It stands, generally, for two things: first, the nation's most difficult problem of distress and underdevelopment and secondly, the nation's most advanced program for recovery and development.

You will be interested to know that the word Appalachia has become a synonym for regional development. As more and more public officials from New England all the way to California ask for efforts in regional development, they express themselves by saying, "We want an Appalachian Program". It is no longer just a geographical representation; it represents an idea.

This program in many ways merits, and in many ways fails to merit, such implied compliments. It is clearly a very imperfect regional development program. It is also clearly a perfect miracle of political accomplishment.

I personally believe that the Appalachian Program is now simply a breakthrough in political action which can and will lead to the creation of one of the world's most significant examples of human self-help action for improvement.

Let me try to express what I regard as the most significant meaning of the Appalachian Program in our times and in the shortest terms. There are two basic areas of accomplishment involved:

First - and necessarily and always first - the Appalachian Program will give hope and can give help, for the first time in many years, to the many people of the mountain country of Appalachia who desperately need reasonable human opportunity.

In this regard the program has two basic purposes which we predict as expected accomplishments. The basic purposes relate to a dual problem of Appalachia - underdevelopment of the region and its communities and distress of the individual people and their institutions, their towns, their county governments, their schools. Arising from these two problems, the two purposes are:

1. Build a foundation of facilities critical to development. This requires a catch-up investment job in creating the physical facilities - the roads, the dams, the community service facilities - required to carry on life in a developed area but not created in the past years in most areas of Appalachia.

2. Establish a continuing program of comprehensive development. This means the creation of a design for action to guide the best use of slender resources; the establishment or strengthening of organizations and institutions capable of working in a comprehensive and complex program; and the provision of technical competence at a scale adequate to deal with massive problem solution challenges.

All of this must be done without getting the program away from "the people" from whom it came, and for whom it must work. And, while I will not dwell here on items of history, I should report to you that this program did not originate in Washington. I hope you will bear in mind that this program is not a federal program. The action of the Congress at this moment is not to create a federal program, but to permit the participation of a federal program in a program already carried on by the states. It had its key beginnings in action, and the first drafting of its design, in 1960 in Eastern Kentucky, where the people of the region were making their own beginnings from their impossible problems. It was formally expressed in a report of the Eastern Kentucky Regional Development Commission, called Program 60. It came to the attention of governors of several states, who responded to a call by Governor Millard Tawes of Maryland to attend the first conference of Appalachian governors in Maryland in May of 1960.

The Governors organized a permanent conference which met several times with President Kennedy, who then created the President's Appalachian Regional Commission in response to the governors and the people on April 9, 1963. The current legislation, the report of the President's Appalachian Regional Commission, and the programs which have followed have mirrored closely the original recommendations of Program 60 written in Eastern Kentucky on the recommendation of the other states.

The second basic area of accomplishment which can be cited for the Appalachian Program is one of greater direct interest to you. The creation of this program delivers an unexpected breakthrough of hope for the practical acceptance of the values of regional planning and development in our public processes today. It may blaze a trail in the more effective use of the "development process" as an emerging professional discipline and a basis for public policy in which planning and other technical competencies may be more successfully related to public administration and citizen action.

Finally, most worthy of mention, Appalachia will almost certainly produce some specific and usable models of local - state and state - federal working relationships in a new "dynamic federalism" of program administration. Some new and practical experiences in the solution of "small town centered, rural area" problems will result through the formulation of multi-jurisdictional development districts, or development regions, or development areas, to meet the technical and administrative problems of carrying out projects at the local level within a complex development program.

You will note that the beneficiaries of these two broad achievements include widely disparate groups - the sometimes unlettered mountaineer of Appalachia and the erudite professional and public administrator of this Conference. Of course, I might point out that I am aware of the common qualities of rugged individualism - and you may claim that there is some common element of poverty - but, at any rate, there are basic differences in these two groups of people.

In this regard, I always recall the classic cartoon published after President Johnson's declaration of "War on Poverty". The drawing showed an Appalachian mountaineer with his long rifle, sighting over a stump in front of his modest cabin, as he shouted over his shoulder to a woman who was peeking out the door, "I'll tell ya this, Maw - they're gonna know they was in a hell of a fight". Our people, you know, don't necessarily want our help at all times.



I might say that the new relationships fostered by this Appalachian idea, states and the federal government, politicians and planners, mountaineers and the professionals, may make some of us come to know that we're in one "hell of a partnership".

The strangeness of these partnerships - and the fact that they are required to work in a comprehensive corporate structure of several partnerships - is just one of the important reasons why I sometimes describe the Appalachian Program as "the extremely difficult solution to an impossible problem".

I find that there are often two basic reactions to an impossible problem. One is to admit or proclaim its impossibility. The other is to proclaim a pat solution, and I could name you several that have been proposed for Appalachia, which would be relatively easy to do or to describe, but which are impossible to get done. Our Appalachian solution is not easy - it is difficult to describe, it is difficult to understand, and it will be difficult to do. But it is possible.

With all these qualifying comments about the Appalachian Program, then let me continue with some of the key factors involved in the Appalachian situation. Let us consider the region, the problem, the program, and the potential for development of the underdeveloped opportunity which is Appalachia.

The Appalachian Region is made up largely of areas in 11 or perhaps 12 states in which a total complex of intense problems presents one of the most severe concentrations of economic and social distress found in any part of the United States. Nearly 16 million people live in the 175,000 square miles of its mountains and valleys.

While the individual problems which make Appalachia a "region of trouble" can be seen, it is important to recognize that the presence of such a total combination of intense problems makes it more difficult to treat any one of them and creates an overall problem in itself. This overall situation, we must recognize as "the Appalachian problem" - not the problem of highways, not the problem of health, not the problem of education, but the Appalachian problem.

In this region are the nation's most intensive concentrations of a combination of unemployment, low income, low levels of educational attainment, public health standards, community development, commercial and industrial development, and other factors of poverty and underdevelopment.

The total problem and many of its separate parts are not being met by the total effect of current programs but are getting worse. Thus, additional actions are needed.

The prime characteristic of this region (in relation to its need for development) is simply underdevelopment for a relatively dense population. It is faced with a need for overcoming a development lag while its own ability for action to create this development is weak and is in a state of further decline.

Underdevelopment is especially characteristic of most of the region's communities. This is the largest region in the United States characterized by an unusually heavy population density which, at the same time, has so few urban centres of any size. The region is made up almost entirely of small and very small political jurisdictions, within which centres of urban service, needed by areas in today's terms, have not been developed.

In the mining - timbering - agriculture based economy of the past, these urban service centres were not essential and therefore were not developed. While it is not now envisioned that this region is to shift to a basically urban or industrial economy in any short time at least, some development in this direction is one of the essential objectives for the regional development program, to build points of growth and points of services in the region's transition to a new and stable growth economy.

Many towns of this region, while inadequate and faltering now, do have a clear and self-identified potential for growth as urban centres within the framework of the proposed comprehensive regional program.

Appalachia, with its great problems inundating an entire region like a flood, differs even from a city slum in that the slum is a part of an otherwise healthy community. The communities of many areas of Appalachia -- including whole counties surrounded by other whole counties in several layers -- are completely immersed in a total problem situation. For many of these local jurisdictions, the only healthy governmental unit capable of providing service or assistance in today's terms is the state or federal governments. Since neither state nor nation is, nor should be, equipped to render local government services, it is obvious that they both must make special efforts -- in a regional framework -- to aid Appalachian local government back to good health.

The uniqueness of the Appalachian problem - and of the region -- requires the formulation of an overall development program in which special actions are geared specifically to the real and unusual situation of areas of this region and all actions are strengthened by careful coordination. This combination of special actions to meet special problems -- with the combination of actions designed to meet the overall problems more effectively -- is the simplest definition of the proposed Appalachian Regional Development Program.

I will not outline here the details of this program. The comprehensive Appalachian Program briefly will make available a design which will allow the most effective use of a total range of programs in all fields - public facilities; developments such as highways, dams and community facilities; physical resources development related to timber, coal and minerals, and agriculture; recreation and human resource development related to the individual citizen; education, health and welfare. The program will be based on local, state and federal financing, which is a fact that has not been too well advertised in terms of government participation. It will be geared to support and work with the full range of private enterprise interests. It is simply a total program, keyed to an overall development objective to provide greater opportunity for the people of this region to work responsibly and productively for themselves. The overall design of this program will be achieved through the voluntary participation of all the interests, public and private, to which I have just referred.

This obviously complicated and great endeavour will be co-ordinated by the Appalachian Regional Commission, a brand new institution. It is a state-federal unit composed of representatives of 11 governors and a representative of the President of the United States. Special local area programs will be co-ordinated by Area Development Councils which will also include representatives of the broad range of local interests.

Now, within this problem region, obvious resources are available to show that the basis for Appalachian potential for development is much greater than was realized. The most critical factor of the Appalachian problem is the underdevelopment of the region. The most tragic expression of this problem is the deprivation of the opportunity of the region's people. The design and development of such opportunity is the fundamental purpose of the Appalachian Regional Development Program.

We regard local capacity for development programs as the final key to the success of all else in the regional program. Without this, the rest is wasted time. The need for expert technical assistance services for local people carrying out these programs will not be unique in Appalachia -- it is a growing need for all local groups in meeting today's increasingly complex development problems.

Since the problem of the small, technically inadequate local jurisdiction is one of the problems found generally in this region, it is essential that a prototype be developed for the creation of multi-county "development districts" (call them anything you want, development regions, development areas, but a local place) within which an "area council" could have operating jurisdiction for certain development projects, with the concurrence of involved counties, towns and other jurisdictions. The regional program should encourage the formation of these "development districts" and assist them to do the local job.

Our current strategy, in fact, for devising the regional program involves the subregionalization of Appalachia into the meaningful part-regions or "development areas". I indicated earlier that it is a region of many differences of parts. Within each of these areas then, the program will provide a technical back-up in achieving a maximum design (locally sponsored, by the way) for the growth potential of that area. The co-ordinating ability of the Appalachian Regional Commission will help to bring existing agencies into sympathetic and co-ordinated support of the design to a reasonable degree, and the supplemental investment ability (\$1 billion) of the commission's program will give it the muscle to help remove at least some of the impossibilities which have previously thwarted the development process.

In stressing the true state-federal nature of the regional program, geared to the support of local effort, the commission has recognized that the state, or the province, is the best level for programming of technical assistance services. I think this is a key point. I might point out that the Economic Opportunity Program is experimenting with a different approach, a direct Federal-local relationship. The Economic Opportunity Program within Appalachia will be a part of the total Appalachian Program.

A major purpose of the program is to strengthen state governments by serving as a specialist for them -- working in cooperation with them -- to concentrate on a problem which for each of them is their most difficult problem. In increasing the states' strength to exercise "states' responsibilities" for meeting this toughest of problems, a major and practical step is made in strengthening states' rights.



A major purpose is to strengthen local government -- especially the small local government which is almost universally typical of the Appalachian Region -- by applying a concentration of technical assistance to local leadership working on the solution of key problems now suffered generally by towns of the region and uniquely by towns of this region as differing from towns of most other regions. These basic problems have grown faster than the towns have grown in capacity to deal with them and -- unless solved by a capable and adequate special effort -- now threaten to destroy the possibility of strength and growth of local government within the region.

A major purpose is to strengthen the programs of the federal government by giving them a realistic means of focusing directly upon the problems general and unique to this region. This pilot effort can have immeasurable value in advancing techniques by which federal programs may be made more responsive and effective for the particular problems and characteristics of many states and regions.

A major purpose is to strengthen local-state-federal relationships -- to improve each and to allow the mobilization of all on the priority problems geared to development.

The priority function and capabilities then of the Appalachian Regional Commission must be to act continuously to define the specific problems and the program actions necessary to create and sustain the initial and operationally changing design of the program's development for this region. The commission should be identified as a developer, as differentiated from institutions of planning, research or action itself. Essentially, our idea of a developer is an institution or person who works with existing groups to bring about a changed situation within which a desired objective may become possible and feasible.

Because of the undeniably urgent need for special action in Appalachia, a special overall program is needed here. But, in looking at a special program for Appalachia, we have considered it in the perspective of our national needs in the United States. In regards to the consideration of the Appalachian Program in the perspective of national benefit, I would like to consider with you the impact of this program's implications outside our region.

The advantage of reducing the overt public costs of Appalachia's current distress and of replacing it with a productivity of which this region is capable is so obvious that I will not dwell upon it. Many people do, as a matter of fact, when speaking about Appalachia. I think you know essentially what this kind of problem is. The only valid question involved here is whether our program will work to this accomplishment, whether we can do the job. We are confident that our effort has been designed with the greatest realistic potential for this accomplishment, and we are determined to make it work.

However, we believe that the greatest contribution we will make with this program lies in the process we are evolving - a process which is to be usable in prosperous regions as well as in distressed areas elsewhere. We believe that we in Appalachia have helped to sell this process, and we note this as one of our major accomplishments. We have helped to sell the idea of this process years ahead of its advent otherwise. Now we believe we will work to spearhead the refinement of its operation to give it greater and greater usability.



Let me consider with you at this point what I mean by this development process.

In some parts of Appalachia, it has been said, and I used to say it at the outset, that we are so "darn far behind that we don't even have modern problems".

We have learned better. It may surprise you when I say that we have learned that some of our problems in Appalachia are, in fact, so modern that the rest of America is just learning about them - and just realizing that the whole nation will be dealing with them very shortly.

Appalachia's problems, like those of all America, arise from the ironic contrasts of the emerging age of technology and abundance -- want in the midst of plenty -- increasing unemployment in a time of the greatest and most rapidly advancing productivity of all time -- the economic deprivation and the threatened demise of more and more farmers at the zenith of agricultural success - an increasing disparity between the ability of many men and the ability required of them in the only available jobs, and this happening in the same time and place with the most advanced free public education system in history - and, finally, an alarming failure of both small and metropolitan communities to hold back the trends of decline and blight in the middle of the world's greatest decades of industrial development and urbanization.

These are modern problems, but these are problems which have been critical for many years past in Appalachia - they have just now become critical in the United States, perhaps in Canada and certainly in the world.

Large areas of Appalachia have known depression as the chronic condition of a geographic area when the nation thought of depression as an unfortunate cycle in time. Only now we see a stubborn increase in the nation's recognition of the problem of chronically distressed areas. Automation was a problem in the mining country of Eastern Kentucky when it was still a textbook word in Detroit.

When the small, hill-ringed, creek bottom farm becomes uneconomic as an operating unit in Kentucky's mountain country, it is not to be combined with other tracts into a large farm as you can do in the Midwest. The economic extinction, the complete extinction, of that small farm - and its farm family - is as complete now in that country as is sometimes predicted for many other American farm families in the future.

The sad spectacle of dying small town and blighted metropolitan area has also been an Appalachian story long before its recognition as a critical national problem. For the outmigrant of Appalachia has often been a citizen of both - leaving the fading town of Appalachia where he had no opportunity to contribute either to himself or his community and drifting away to join, and to help create, the blighted Appalachian community of the metropolitan area.

The objectivity of these examples for the decision makers of our nation, and of our nation's institutions, seems clear if we begin to see that the Appalachian problem may well be more a harbinger of America's future than it is a relic of our nation's past.

Now, our purpose in claiming we have discovered that our Appalachian problems are modern is not to congratulate ourselves at all, not to simply put a name on our problems, but it is to state our awareness of the nature of our problems as a first basis for consideration of the public and private actions we need to deal with them.

When we speak of underdevelopment in Appalachia, we do so, of course, in the relative sense. We simply mean that our conditions and our history have not allowed us to develop the kind of facilities and services to serve the needs of our people in contemporary terms.

This comparative underdevelopment - so obviously a characteristic of Appalachia - is also, in great degree, expressive of our national and our world problems. I believe it is an important principal analysis because it implies the strategic nature of the contemporary attack needed to meet our "modern problems".

For the antidote to the problems of underdevelopment, whether they are the obvious underdevelopment of one of the underdeveloped countries of interest to the United Nations, or the comparative underdevelopment of New York City, the obvious antidote is the improvement and acceleration of the process of development - with reference to the full meaning of the now emerging concept of development as the technique for utilizing all resources and institutions in a more particular design for the creation of growth and progress for the benefit of the individual human opportunity.

On the perfection of this concept and process, more than any other, may well rest the character and climate of our future in the nation and in the world.

I am thinking here of institutions and processes for development as a function within itself - rather than simply those institutions and processes dealing with more specific problems of development, such as transportation, education or commerce.

In short, I would proclaim that we need a basic public policy for development (this is what we have achieved with the Appalachian Program) set to identify, to select and to take action on priority objectives for development as contrasted with what we might call the normal public policy for the maintenance of the general welfare.

Now, what does this mean in specifics. It means, for one thing, that we can add a strategic level to the selection of program purposes and actions - we can find, easily and clearly, that we will take some actions within a developmental framework where our purpose is to create growth which we would not take in our traditional framework in which most decisions are based on reaction to, and service of, existing growth.

Perhaps the most direct way to state the differentiation between these two basic policy considerations is that the general welfare purpose presumes an existing growth factor and sets most decisions on criteria in response to growth demand. We build highways where the wheels are rolling, not where they are not

rolling; in Appalachia we are going to build them where they can roll. On the other hand, the developmental purpose, which we would point to in Appalachia, presumes a deficit in the rate of growth, but presumes the basic resource is there to create growth and sets the decisions for action geared to the creation and stimulation of this kind of growth.

I would like to conclude with a comment taken from our Program 60 report, written in 1960, and blueprinting the beginning of the Appalachian Program to come:

"The only place in the world where a great mass of people are unanimously and overwhelmingly interested in Eastern Kentucky - is in Eastern Kentucky. This truly identifies the greatest force we can use for our own development - ourselves.

We must develop our communities - no one else can. We must develop our own industries - until we do so, no one else will. We must develop ourselves personally; we must develop our homes for our families - no one else should do this for us.

We will need help, and we have gone out and gotten it. We will need help, we said in those days - help enough beyond all this, and it will be the job we do for ourselves that will get for us the super help we need beyond our own resources.

Eastern Kentuckians must extract from the inspiration of our own challenge, the quality to think big, to judge beyond selfish motives on issues of the day upon which depend the real progress of our state, our nation, and our own region. If we are to think big about our own area's problems, and to ask for a sensible, but special and large scale program of help from others, it is not even good enough that we be willing to work to the limits of our capacity for ourselves. Self help, we said, is not good enough. It becomes necessary that we hold the same degree of ambition of accomplishment and willingness to help, for all of our state, our nation and the world.

The answers to mankind's problems have always arisen 'organically' from the problems themselves, the solution comes from the 'need', from the super efforts of those men challenged to meet the worst difficulties. May it bear repeating here, that most of Eastern Kentucky's problems differ in intense degree, but not in nature, from the massive problems which plague men everywhere. If the intense human need created by these problems provides a challenging demand for solutions, is not the best place to mobilize the men, the knowledge and the resources to find such solutions and to test and apply them here where the problem is. These solutions, and this process, can become the most productive return for investment in the development of Eastern Kentucky".

This is still a fair statement for the purpose of the Appalachian Program. We mountaineers from Appalachia look forward to a growing partnership, although it may be a hell of a partnership, with those of you whose technical knowledge and experiences in your own areas will help us do what we have to do.

Together, we think we can get it done. We have already begun.

PLANNING AND SOCIO - ECONOMIC STRUCTURES

A Case In Point: Quebec

by

Guy Coulombe, \*

Sociologist, Eastern Quebec Planning Bureau

With Francois Poulin, economist, Eastern Quebec Planning Bureau.



We would like to describe briefly a Quebec experiment in regional development. But before we do so, it would be appropriate to situate the project undertaken by the "Bureau d'Amenagement de l'Est du Quebec" in its provincial and national context.

The pilot territory concerned (area, 16,000 square miles, population, 350,000) is situated in the eastern part of the Province of Quebec. The first frame of reference of this region is the territory of the province. The Province of Quebec constitutes the entity in which the Lower Saint Lawrence and Gaspé regions and the Magdalen Islands are included. In this respect, the province can be considered as the national entity with reference to the pilot region.

But another element increases the complexity of the problem; the Province of Quebec must also be regarded as a region forming part of a greater national structure which is Canada itself. However the relation pilot region - Province of Quebec and the relation Quebec-Canada vary in nature, because in the latter, the two terms designate two political entities, each of them with specific and sovereign powers.

It is necessary, we believe, to define these relations more explicitly because they affect particularly regional development requirements when examined on a nation-wide scope.

The confederative political structure of our country is one of the first factors influencing regional planning in Canada. We do not intend to discuss the advantages or disadvantages of this formula in the present paper. But the least that can be said of it is that it creates difficulties in any national attempt to rationalize regional and sub-regional socio-economic processes.

The second element is the fact that Canada is a relatively rich country: consequently, there is no feeling of urgency for a rational program of nation-wide objectives. But as it happens in every highly industrialized country, Canada contains within its boundaries certain underdeveloped areas which do not partake of the national prosperity.

This situation is also complicated by the fact that there are two types of underdeveloped regions: either entire provinces or particular zones included in relatively rich provinces. In the first category we find certain provinces of Eastern Canada, and our own region would constitute an example of the second type of area.

It is obvious that these two types of regions require different aid programs and types of planning.

This background explains the nature and the limitation of planning efforts in Canada which, up to date, have consisted in establishing a few criteria of national wealth distribution among the provinces and in a few timid suggestions submitted to the government by the Canadian Economic Council.

Insofar as the province of Quebec is concerned, it has the same limitations in its pursuit of socio-economic development. Quebec, even though it is endowed with sovereign powers in some fields, does not possess complete control of specific means of planning (currency, foreign trade, external affairs...)

It is therefore necessary, but also difficult, to conceive a new methodology in accordance with the structural requirements of the French-Canadian society.

History and language problems further add to the complexity of federal-provincial relations in the difficulty of setting up a real planning apparatus.

In this perspective, the province participates with the federal government in a certain type of area development based on an endeavor to redistribute provincial wealth among various regions, even though this redistribution is based on a welfare state policy rather than a policy of true planning.

In this respect, the Province of Quebec, with its Economic Orientation Council, is showing more initiative and progress than the federal government. In recent years it has outlined certain broad provincial objectives and, especially, has promoted the creation of original tools which will contribute greatly to real economic development in the future (General Investment Corporation, pension fund, nationalization of electricity, etc...).

From what we have just seen, it is understandable that, at the provincial level as at the federal level, the power play among the socio-economic structures of our society impedes real development experiments. But, as the need for rationalization of socio-economic processes become more imperative in numerous social strata, a more favorable ground for an authentic planning experiment had to be found.

The best place to undertake such a project was within a regional structure for the simple reason it did not encounter there as many difficulties and tensions as exist within and between the provincial and federal structures.

It is now time, we believe, to explain in more detail the nature and the purpose of the Eastern Quebec Planning Bureau.

In 1961, following a Senate inquiry on the situation of agriculture in Eastern Canada, the ARDA (1) legislation was enacted by Parliament. This legislation, with the agreement of provincial governments, allowed the execution of certain agricultural improvement projects and the preparation of regional development plans for underdeveloped rural areas.

In 1963, the Quebec government passed a corresponding legislation (2) and signed an agreement with Ottawa.

Since 1956 the Lower Saint Lawrence area had its own regional organization (3) whose aim was to provide better economic guidance for the area. Negotiations between this organization and the Department of Agriculture and Colonization, responsible for the administration of the ARDA legislation in the province, led to the designation of the Lower St. Lawrence, Gaspé and Magdalen Islands as pilot territory for regional planning under the ARDA legislation. A regional economic expansion council, along the same lines as that for the lower Saint Lawrence, was then created (4) for Gaspé and the Magdalen Islands.

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- (1) Agricultural Rehabilitation and Development Act.
- (2) Agricultural Rehabilitation and Development Act, June 26, 1963 (Bill 52).
- (3) Conseil d'Orientation Economique du Bas St-Laurent (COEB).
- (4) July 1963.

These two organizations, made up of representatives of the population, were asked to name five members each in order to form the Eastern Quebec Planning Bureau Inc., a non-profit organization whose mandate is to prepare a development plan of the territory.

We can therefore consider the creation of the Eastern Quebec Planning Bureau as the result of a serious and concerted effort on the part of the population and of the government in order to conduct a thorough development planning experiment.

In the meantime, an inter-departmental committee, composed of deputy-ministers, was formed by the provincial government for the planning of resources development. The objective of this committee is to coordinate the various actions carried out under the ARDA legislation. The Eastern Quebec Planning Bureau is responsible to this committee as far as scientific and technical problems are concerned.

For the past 20 months the Eastern Quebec Planning Bureau, staffed with some 80 specialists of different scientific disciplines, has been engaged in an experiment which we will now try to define in more detail.

It is important to describe briefly the approach adopted by the Planning Bureau in this particular regional development plan. During recent years, some countries have experimented regional development planning. And, on account of the fact that each one was facing specific socio-economic problems, the primary objective varied. Some emphasized proper conservation and utilization of a rare resource such as water or soil, others worked on the development of a growth pole while others encouraged local population initiative through methods of community development.

The most fundamental characteristic of our project is beyond doubt its global approach. Only in such a context do the secondary elements make sense.

Our assumption is that such an approach is necessary because of the internal disruption of the society at the regional level and its lack of integration to the general development of the province.

We oppose this global perspective to a predominantly sectorial approach where regional development would consist solely in a juxtaposition of independent development formulas for each individual sector: agriculture, forestry, fisheries, etc...



We also oppose our perspective to the "approach by individual projects". No matter how grandiose such projects may be, they neglect completely the background of fundamental economic imbalance of the region to which such projects should be integrated and furthermore they contribute little to the human promotion of the regional population.

Without reviving the debate between tenants of these various approaches, we believe that the true solution to the miseries of a region is not the sprinkling of a few industries or the construction of a few extra roads.

Of course an approach such as the one we propose is longer, more difficult; but we believe in the long run it will be more profitable.

Such an approach requires the assistance of a large and diverse group of professional research workers. An adequate knowledge of the region's physical resources requires a team of ecologists and forest engineers to establish the forest inventory; a group of pedologists, geomorphologists, agro-meteorologists and agronomists to determine the bio-physical possibilities of the various agricultural zones and sub-zones in the territory; a team of geologists, fishery engineers, town planners and geographers to verify the mining potential, the fish stock, the main tourist sites and the space distribution of socio-economic activities.

Economists study the present methods of utilization of these resources, in order to determine how they can be effectively put to advantage in terms of income and employment. In the agricultural sector, for example, research work is undertaken on the problem of reducing production costs, to establish more efficient marketing structures and better processing of farm products.

Moreover, a group of sociologists and political scientists examine the structure and evolution of the population, the prevailing mentality of the various strata of the regional society and the system of organization presently adopted by the population.

An interdisciplinary phenomena is the first consequence of our global mean of approach. It created the problem, which is not an easy one, of the integration and synthesis of methods and results of research work, in different disciplines, but it has the advantage of offering types of solutions which take into account each and every aspect of the problem.

In a first step, this global approach enables us to define the present state of interrelations between the four main factors or elements of regional development: resources, socio-economic organization, population and space. These interrelations are characterized by a general situation of maladjustments which are indexes or causes of regional underdevelopment.

After having determined by thorough and systematic research these four basic elements of regional planning and their maladjustments, we are in a position to set up a priority of action capable of correcting these maladjustments and achieving a new state of interrelations in conformity with the general socio-economic structure of the province and the country.



These types of action to be taken, either by the government or by the population, have a point in common: they both call for a rebuilding of a new structural arrangement of the regional society.

We believe that, even if they could be realized, three or four large industrial projects would bring only minor transformations to the region and, in the long run, would not be able to solve its underdevelopment problems. We are firmly convinced that real and practical adjustments can be attained, in a reasonable period of time, by means of structural transformation.

The second fundamental characteristic of our approach is now evident. Such structural transformations could affect the way of thinking and operating of the whole regional population and replace it in new socio-economic circumstances. It is thus necessary that the population be present and participate to the fullest extent in the establishment of the regional goals.

The viewpoints of the various scientific disciplines must be integrated with those expressed by the various rural and urban communities, by the associations, pressure groups and elected representatives of the population. This is not a simple democratic preoccupation alone, but a definite recognition of the fact that the population alone can assume and undertake the required structural transformations.

But this participation of the population to the preparation (and realization) of the plan cannot rely only on public opinion trends, requests of pressure groups or individual decision-making centers which dominate a given economic sector.

More precisely this implies that the participation must be structured. That is why, besides some 50 research workers directly involved in research, some 25 "social animators", journalists, radio and TV men work at the creation and animation of a structural participation and precise information that will also reach the population at large.

Thus close to 200 local committees (each composed of 15 to 20 members) were formed in the region during 1963-64. With the help of rigorous working instruments prepared by the Bureau, these committees have tried to circumvent their own problems.

Later on, that is in the fall of 1964, these 200 committees were regrouped into eight zonal committees whose first job was to prepare a first synthesis of the work of the local committees. On the other hand, these zonal committees will have as second task the close study of the preliminary plan to be submitted to them by March 1965. This plan will present various hypothesis of development for the region and outline a series of possible solutions to be discussed thoroughly by the committees. These will consist of representatives from the local committees, regional associations and provincial and federal technical officers.

A concrete example of action within this structure of participation will illustrate the deep involvement of the population and its potential effectiveness.

A federal-provincial legislation has been implemented to permit the organization, during the four winter months, of special accelerated courses for the unemployed, giving access to 7th or 9th grade diplomas. Under the disposition of this Act, the local committees have set up over 200 classes in the territory. It must be pointed out here that 5,000 pupils attending these courses correspond to 7 per cent of the labor force in this region. Elsewhere in the province there were only 50 classes organized last year. For example, in some municipalities grouping around 75 families, more than 100 people followed these winter courses at a rate of six hours a day.

Besides increasing the educational level of the regional population, this project produces 400 new jobs and distributes an approximate income of \$2,000,000.

Specialists and population, each from his own point of view, are all engaged in promoting structures which will be more effective and better adapted to a society in the process of accelerated industrialization and urbanization.

But how can we define these levels of structural transformation?

Structural transformation in resource utilization practices:

The agricultural structure is distinctively marked by traditionalism. In spite of all technological innovations, the farming techniques are still obsolete. Consequently, it has become urgent to reform the present agrarian structure. How can it be achieved? By the introduction of new crops, regrouping of lands, new farm tenure practices, adequate credit facilities for the farmers, technical training or education adapted to modern requirements.

Structural transformation of modes of organization in the perspective of a planned development.

Through the channels of its various departments, the government is the most important promotor of income and employment in the region. We estimate that in this sector 25 per cent to 30 per cent of the annual income per capita proceeds from governmental social allowances. (This percentage does not take into account expenditures for highway, airport and harbour construction).

It is therefore very urgent to have these departments coordinate their efforts and activities at the regional level in order to avoid contradictions and, especially, to have these sums properly invested, as they should be, in the authentic planned development of the region. Due to the fact that regional policies are determined on the regional basis, and that the various departments establish their policies according to provincial objectives, it is necessary to form an administrative organization called upon to apply governmental policies to the region and to co-ordinate the administrative activities of the different departments inside the territory.

This administrative organization should always be in close contact with the proposed Regional Development Commission whose principal function is to see that all important regional decisions are carried out in conformity with the propositions and requirements of the plan.

Of course, the organization of government administration is but one facet of the problem. One should also speak of the consolidation of cooperatives, etc.

A new stratification of the regional area on the basis of ecological, economical and sociological criteria:

Urbanization has not been a determining element in the acceleration of regional growth. Towns were formed around the services of the tertiary sector; industrialization did not stimulate urbanization which was mostly a result of development in the field of demand for consumer goods, for personal and community services. On the other hand, urbanization has had no direct influence on industrialization, because the few industries established in the region are located outside the important towns or cities.

Taking into account the whole provincial area with its one great pole of attraction, Montreal, and the fact that, in our region, no town has been able to exert special influence on the entire area in this respect, we believe it is possible and even necessary to organize a regional economic polarization center where one or more large industries should be installed along with regional type services. It is easily understood that this industrial centralization project, inside the region, is not considered as a favorable move by the authorities of other urban centers we have not chosen for this particular development purpose.

The Eastern Quebec Planning Bureau was in effect established thanks to the action of a few leaders supported by a regional, alert and organized collective conscience. It was then very natural for the population to be closely associated with its own creation, the Bureau.

The essential aspect of the development planning work undertaken in Eastern Quebec gives a clear idea of the relation existing between social structures and types of planning. Can such an experiment be generalized or repeated somewhere else? We hope that the discussions at this conference will enable to find an answer to that specific question.

To conclude, we would like to ask a few questions to the experts present at this meeting, questions which affect the very essence of regional development experiments. What is the relationship between the process of industrialization and planned regional development? In other words, does a country have to reach a definite stage of industrialization before attempting to organize its national objectives on a regional basis?

And should not different types of regional planning be visualized depending on the various degrees of national development?

In the same order of preoccupations, what is the minimal level of education and social organization necessary for a population to participate actively in a regional planning experiment?

In this respect, we are convinced that an international conference, such as the one we are now attending, has a very important part to play in trying to establish points of comparison to be used in the preparation of adequate programs for economic development and human welfare.

THE ATLANTIC PROVINCES: A CASE STUDY

by

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Executive Director, Atlantic Development Board.



In this paper, I shall limit my discussion to one less-fortunate area, the Atlantic Region, one of the five major economic regions of Canada; and to one federal agency, the Atlantic Development Board, created to assist in easing the economic problems of that region.

First of all we come to the question: Why should the Atlantic region be considered a special case?

To place the discussion in its proper perspective, I wish first to give some pertinent facts to indicate that the region really has problems.

There are many indicators that one might refer to - I shall choose a half dozen.

<u>INDICATORS OF STRESS</u>			
	Canada	Atlantic Region	Atlantic Region as percent of Canada
1) Personal Income per capita, 1950/63	\$ 1,371	\$ 906	66 percent
2) Personal Income per capita Net of transfer payments, 1950/63	\$ 1,237	\$ 774	63 percent
3) Unemployment rate (%) annual average 1956/63	5.8	10	172 percent
4) Participation rate (%) Males - Females, 1956/63	54.0	47.7	88 percent
5) Seasonal unemployment among men average Winter-1957/60 (%)	4.	18.	450 percent
6) Instrumental Capital Investment as a Percentage of Total Investment 1949/63*	60	52	86 percent

\* It is interesting to note that the gross stock of dynamic instrumental capital (primary and secondary manufacturing industries) amounted in 1949 to \$660 per capita for the Atlantic region, as against \$970 for Canada, or 68% of the national average. In 1963, the figure (in constant 1949 dollars) was \$930 for the Atlantic region, or only 61% of the national average. This would suggest a relative lack of capital intensive industries, and also a relatively low level of capital equipment in other industries. Moreover, the region is not catching up to the rest of the country.

Personal income per capita: take the average 1950-63 - for Canada \$1,371, for Atlantic region \$906. In short, the Atlantic region has a personal income per head of about two-thirds of the Canadian level. The situation is even a little worse when you look at personal income per capita - less transfer of payments. This particular case, the Atlantic region, is only 63 per cent of the Canadian economy.

Unemployment rate for 1956-63 - the average for Canada as a whole is 5.8 per cent, for the Atlantic region 10 per cent. Seasonal unemployment in the Atlantic region is more than four times the Canadian average.

We might refer to another measure, gross stock, which is capital that is invested in the primary and secondary industries. Here the Atlantic Provinces in per capita terms were 69 per cent of the Canadian average of 1949, and by 1963 it was only 61 per cent of Canadian average.

This would suggest a relative lack of capital intensive industries, and also a relatively low level of capital equipment in other industries. Moreover, the region in this particular case is not catching up with the rest of the country.

I will pass over the historical background that has led to this situation, merely mentioning that there was, of course, the old romantic period when the Atlantic Provinces represented the fourth largest merchant shipping area in the world. Now I will turn to the situation that had arisen by the mid 1950s. The immediate post-war and the Korean war booms had come to an end, and with this, the old problems of the Atlantic region began to reappear. The economy of the region was still heavily dependent upon local natural resources. Not only had the region failed to attract many of the newer, more dynamic industries which were appearing in Central Canada, but the technology of the existing resource industries was lagging behind that in the rest of the country.

The structure of the economy at the moment is the thing I want to refer to rather briefly. Generally speaking, the Atlantic region is less well-endowed with physical resources than most other major regions in Canada. The soil is rather poor and acid, with some notable exceptions in Prince Edward Island, the St. John River Valley in New Brunswick, and in areas like the Annapolis Valley in Nova Scotia. Before this soil can produce any reasonable crops, it has to be well treated with commercial fertilizers and often with lime, and fertilizer costs have tended to be high. But the incomes from farm operations have been low traditionally, and small farmers cannot afford to buy sufficient quantities of fertilizer. In spite of the general trend to larger farms, which is going on in the Atlantic regions as elsewhere, the small unit is still all too frequent.

Large parts of the region are covered with forests of spruce and fir. There are, however, no stands of large timber like those in Northern Quebec, Ontario and British Columbia. Much of the forest is best suited to the production of pulp wood, and it is in this direction that the major developments have been taking place, with the construction of pulp and paper plants. The provision of large quantities of electric power at reasonable prices has presented problems, and no doubt has slowed down the rate of development in some cases.

On the mineral side, all of Labrador lies within the Canadian Shield, while Newfoundland and the other Atlantic provinces are in the Appalachian physiographic region. Although minerals are found in many parts of the region, the principal mining areas, aside from coal, are in Labrador, Newfoundland and Northern New Brunswick. A great deal more needs to be known about the mineral potential of the region. So far, the geological work done in Canada has concentrated heavily on the Canadian Shield, and as a result, Appalachian geology has tended to be, in my opinion, somewhat neglected.

Coal is found in large quantities in Nova Scotia, and to a smaller extent in New Brunswick. Some of this coal, as you know, arrives in Toronto under heavy subsidy. Mining operations are centered mainly in Cape Breton. Most of the mines extend a considerable distance under the sea, and many seams are relatively thin. Consequently, it is difficult and expensive to recover coal. The region consumes only half of its coal production, while most of the other half is transported to Central Canada under heavy subsidy. Competition from imported and domestic residual fuel oil has been a major factor in reducing the sale of coal within the region.

Since the region is "Maritime" in the broadest sense, it is in a good position to exploit the fisheries. But except for the inshore fishery, this resource is also available to other nations, and areas like the Grand Banks off Newfoundland are heavily fished by the fleets of many countries.

The location of the Atlantic region places its manufacturing industries at a certain disadvantage in selling in Central Canada, although they have some protection in the much smaller regional market. The disadvantage is particularly great where the industry is not based on a local resource and must bring in its raw materials or its parts, or both. It is not surprising that processing industries are predominant, and that other industries such as ship building and repair, are tied in with the fact that the region is on the sea. It is obvious that if sales are to be made in Central Canada, transportation costs must not form more than a small part of the delivered price. We should not forget, of course, that the location of the region can, on the other hand, be a real advantage in serving the export market.

Defence activities are strangely enough a significant source of support to the general economy of the region, and very important to specific locations. I mention, for example, the United States' bases in Newfoundland, the Canadian Military Camp in Camp Gagetown in New Brunswick; the air base at Summerside, Prince Edward Island; and the various establishments of the services in Halifax, Nova Scotia.

The population of the region is about 2 million, and is scattered over a wide area. In 1961, about one-half of the population was rural. Furthermore, of the urban population only 30 per cent lived in metropolitan centres of 100,000 persons and over; for the rest of Canada, the proportion was two-thirds. At the other end of the scale, nearly one-quarter of the urban population of the region lived in towns under 5,000 persons, compared with one-tenth for the rest of Canada. This distribution of population has implications for the location of industry and for serving the markets of the region from any one centre.

For many years, the population has been increasing much more slowly than the national average. This did not happen as the result of a lower rate of natural increase, but simply because many people - often the younger men - have left the region. In 1961, the labour force was 562,000. Between 1951 and 1961, it rose by only 6 per cent, while the total population grew by 17 per cent. As a matter of fact, the male labour force actually declined over the decade.

It was because of the special position of the Atlantic Provinces that the Atlantic Development Board was set up to improve the long-term economic situation.



Under the Atlantic Development Board Act of December 1962, amended in July 1963, the chief responsibilities of the Board are to prepare, in consultation with the Economic Council of Canada, an overall co-ordinated plan for the promotion of the economic growth of the Atlantic region; to keep under constant review, methods for furthering the sound economic development of the Atlantic region; and to assess and report on programs and projects referred to it by the Minister, or brought forward on its own initiative. The Board, which must always work in step with the provinces, consists of 11 private, unpaid members, chosen by the federal government from the four provinces, with an Ottawa staff which is part of the public service. I might mention in passing that most of the professional staff consists of Maritimers. The Board has been assigned a capital fund of \$100 million to help it in carrying out its direct function of development. This fund is available for financing, or assisting in financing the undertaking and carrying out of programs and projects which, in the opinion of the Board, will contribute to the growth and development of the economy of the Atlantic region, and for which satisfactory financing would not otherwise be available. Expenditures from the fund are made only on approval of the project by the Governor-in-Council.

Let me just emphasize this point, that while the Atlantic Development Board can recommend expenditures of monies from the fund for specific projects, this expenditure must be approved by Governor-in-Council or it must be reviewed, if you like, by the federal government, before any expenditures can be made. In short, the Board has not been given \$100 million to do with as it wishes, but at the same time \$100 million cannot be spent unless there are recommendations from the Atlantic Development Board for its expenditures.

In practice, most assistance is given under an agreement between a province and the Board. In some cases, the Board is financing a particular part of a program or project in entirety, with the province and perhaps a third party involved in financing the whole of another portion. In other cases, the Board is sharing in the cost; while in still other instances, the Board is making grants toward the construction cost of very large-scale propositions. As a general rule, the province and/or private industry must be involved as well as the Board.

I should emphasize that the Board also has an annual appropriation of funds and that the various special studies and investigations which the Board carries out, and which may amount to a million dollars in one year, are financed from this vote.

There is another function of the Board which does not involve the expenditure of Board funds, but rather the expenditure of somebody else's funds, which is all the better. As our work has evolved, it has become quite clear that this is a very important and necessary element of the Board's role. I refer to the part which the Board can, and increasingly is playing, as a stimulator and co-ordinator with respect to the functions, activities and programs of the numerous federal government agencies which have interests and responsibilities in specific areas of the Atlantic economy. The Board is, I think, in a unique position to fill this role, because of its close and continuous contact with the provinces and the various agencies and organizations in those provinces, and of the special knowledge of the region which the Board members and staff possess. Moreover, because of the broad nature of its work, the Board is well placed to take an overall view of the problems of the region and their inter-relationships, and of the priorities for action.



Before turning to programs and activities of the Board, I would like to expand a little on the planning function. The task of drawing up a useful economic plan for a region consisting of four provinces, is obviously fraught with many difficulties. If it is to be of real value, the plan must be drawn up in continuous collaboration with the provincial governments, as well as with the Economic Council of Canada and other relevant federal agencies. The Province of Nova Scotia has already done a great deal in connection with its program called Voluntary Economic Planning. The purpose of the plan should be to point up the most feasible and productive lines of future economic development, and to assist both the federal and provincial levels of government in the formulation of their economic policies, so that the standard of living of the people in the Atlantic region will be brought more closely into line with that prevailing in the rest of the country.

It is clear that the development of a major economic region must be within the framework of national goals. It is clear, too, that there should be broad principles which guide the formulation of a regional plan. It seems to me that the aims should be to raise the level of economic efficiency in the utilization of all the resources of the region, both natural and human, and to take the maximum advantage of the region's geographical location, which may also be regarded as a resource in the broadest sense.

Without going into too much detail, I would point out the areas of study which we consider relevant to regional economic planning for the Atlantic Provinces. It is important that we concentrate on the functioning of those economic sectors which are most directly related to the process of economic growth.

a) Human resources

- i) education
- ii) training and skill formation
- iii) research training
- iv) utilization of human resources.

b) Resource-based industries (including related processing)

- i) agriculture
- ii) forestry
- iii) mining
- iv) fishing.

c) Secondary Manufacturing

d) Service Industries of a Key Nature

- i) tourism
- ii) defence installations and other Federal Government services
- iii) other.

e) Infrastructure relevant to economic growth

- i) power
- ii) transportation
- iii) local services related to economic development
- iv) research facilities
- v) water.

The various sectors of economic activity outlined above are inter-dependent - development in one hinges and reacts upon developments in another sector.

The planning activities of the Board are admittedly at an early stage, although the Board has done a good deal of preliminary work and is now concentrating more effort on this aspect. I would like to mention a very important basic step which has been taken. In the spring of 1964, the Board decided to finance the completion of a regional input-output study, which was sponsored originally by the Atlantic studies group of the Social Sciences Research Council of Canada, and subsequently supported by the Atlantic Provinces Research Board. The work is now being directed for the Atlantic Development Board by the Atlantic Provinces Economic Council, which is a private body. This analysis, by showing a series of inter-industry relationships and the movement of many categories of goods in and out of the region, will provide us with a much fuller understanding of the functioning of the regional economy and of the probable effects of private development or public investment in specific lines.

I have already outlined to you the main functions of the Board, which are, in essence, to prepare an overall plan for the development and growth of the Atlantic region, and to bring forward programs and projects which will contribute to that growth. Naturally, in carrying out these two objectives, we must be guided by the situation which exists in the Atlantic region in respect of resource equipment in the broadest sense of that term, and we must allow for the pattern which has evolved to date. Ideally, one would not take any action in initiating projects without having first laid out a comprehensive picture of the region - including its resource equipment, the present structure of the economy, the weaknesses and strengths of the region, the desirable patterns of development, and the kind of measures needed to realize that pattern. In practice, of course, it was not possible to await the emergence of a complete integrated plan; nor in fact, was it really necessary. Sufficient was known of the resources of the region, and of at least the broad outlines of the most promising avenues for further development, to permit the Board to launch certain projects and programs almost at once. We could feel reasonably sure that they would be in accord with the main outlines of the pattern which would emerge when an overall plan had been prepared.

The economy of the Atlantic region - and we deal for a moment with the region in the overall, not forgetting however, that it comprises four distinct provinces with their own unique endowments and economic structures - has been based very heavily on the development and processing of local resources, whether for the domestic, the Central Canadian, or the export market. It is reasonable to suppose that resource-based industries will continue to be highly significant in the economies of each of the provinces, although in varying degrees. For such industries, one important consideration in determining further resource utilization, would appear to be the adequacy of the infrastructure of the area. It was, therefore, both logical and appropriate that the first projects of the Board would be those designed to build up the infrastructure of the region, and to make good the most immediate deficiencies. A case in point is power.

It is generally agreed that the availability of adequate amounts of reasonably priced power is an important factor in the development of industry, particularly of power-intensive industries such as pulp and paper, mining and mineral processing. Hence, from its inception, the Board was interested in the problem of providing sufficient quantities of low-cost power as quickly as possible.

In both Newfoundland and New Brunswick, comprehensive assessments of future power load demands, and of the most favourable sources of supply, were already underway at the time the Board was established. The power commissions of the provinces concerned presented briefs to the Atlantic Development Board on the basis of these surveys, requesting major capital assistance, so that they might commence at an early date. After reviewing these briefs, and the related studies and investigations, in the light of their own knowledge of the regional economy, members of the Board recommended to the federal government that assistance be given from the Atlantic Development Fund to launch two major hydro-electric projects - the Mactaquac on the St. John River in New Brunswick, with an installed capacity of 600,000 KW; and the Bay d'Espoir in southern Newfoundland, with an ultimate capacity of some 400,000 KW. The Board's grant in each case was \$20 million, or a total of \$40 million out of a combined investment for the two projects of about \$170 million. Several benefits should result from the Board's investment - the projects are going ahead sooner and on a larger scale than would have been possible without Board assistance; power in large blocs becomes available in 1967 and 1968, to stimulate industry; and the long-term costs of power are reduced because of the bigger developments, the smaller capital obligations of the respective power commissions, and the more favourable rates of interest at which they have been able to obtain funds. In effect, larger volumes of power are available for industry sooner and at significantly lower costs than would have been possible without participation by the Board.

In the case of Newfoundland, the Bay d'Espoir project is significant, not only for its direct contribution to economic development, but also for the improvements it should bring about in the general standard of living in many areas of that province which have long suffered from a shortage of power. I might mention, that there are outports in Newfoundland where the supply of power is so short that a household might have two electric lights but cannot use an electric iron.

Although construction of both the Mactaquac and Bay d'Espoir projects is only getting underway, it is already apparent that load growth will significantly exceed the rates which were being projected at the time assistance from the Board was requested. Major industrial expansion is either going forward or planned in both provinces as a result of these power projects. In New Brunswick, for example, the large-scale \$117 million smelting-chemical complex being built in the north is heavily dependent upon the availability of power from Mactaquac by 1968. In Newfoundland, there are reports of a third paper mill, oddly enough, to be built at a place called "Come by Chance", which again, would not be feasible without power of the volume and cost made possible by the Bay d'Espoir development.



Aside from these two programs, the Board has been involved in various studies and investigations designed to promote the long-term exploitation and effective utilization of the power resources of the region. For example, the Board retained consultants to carry out a study on the engineering and economic feasibility of a submarine power cable to link Prince Edward Island with the New Brunswick-Nova Scotia grid. At present, power is provided in the province of Prince Edward Island from relatively small units, and there may be long-term advantages to the Island if it is tied in with an inter-provincial grid, from which the province should derive the benefits of scale and reliability. No firm decisions have yet been reached regarding the construction of this project.

The position in Nova Scotia is somewhat different from that in New Brunswick and Newfoundland, since power is produced mainly from thermal stations based on local coal. Hence, a main issue concerns the timing of new thermal stations in relation to the overall Maritime power demand picture. The Mactaquac project in New Brunswick ties in with the timing and scale of the construction of thermal stations in Nova Scotia and vice-versa. With rapidly increasing power demands in both provinces, and in Prince Edward Island, expansion of thermal facilities may be necessary much sooner than was contemplated even a year ago. In our own opinion, the coal problem and the power problem should be considered jointly.

In order to obtain improved information on large-scale potential sources of power in the region, the Board decided to have a preliminary examination of the situation at the head of the Bay of Fundy. You might wonder why the situation at the head of the Bay of Fundy, and here I am not referring to the Chignecto Canal. As you probably know, the tides in the head of the Bay of Fundy are of the order of 45 to 50 feet. Hence, an engineering study was commissioned to investigate foundation conditions in the Shepody Bay-Cumberland Basin area as a necessary first step in assessing the technical and economic suitability of this area as a major tidal power development site. The study showed that foundations, i.e. bottom conditions, are good, and it would seem desirable to carry out further studies in this area, as well as at nearby Minas Basin, where the potential is several times greater. The depths are a couple of hundred feet and the tides run at ten knots; it makes one shiver to think of anyone ever putting a dam across, but it may work.

Other studies and investigations are to be carried out with the provincial authorities concerned on power demand and potential sources of supply, both for regional requirements and in the context of a national or international grid system.

The Atlantic Development Board, I hasten to say, has not been involved at any stage in the Hamilton Falls (now to be known as Churchill Falls) power and transmission complex.

In each of the four Atlantic Provinces, the processing of fish and food products, utilizing local resources, forms an important component of the provincial economy. The Board early became aware that there was an urgent need for assistance to ensure the adequacy of such basic services as water supply and sewage disposal for processing plants. In certain areas a plant would not locate without having water supplies on a major scale, and we have been surprised to find how difficult it has been to obtain these water supplies. One would have thought that with all the rain in the Atlantic region this would have presented no problem. Connected with this issue is the problem of waste disposal and pollution. You would hardly



say that the St. John river is a highly polluted river yet one cannot swim safely anywhere below Edmundson which is far up the river, because of a very high degree of pollution. It also follows, of course, that once the Mactaquac dam is in, unless the pollution problem is solved beforehand, we will have a 15 mile lake that will not be very pleasant as the years go by.

So, in our opinion, this pollution issue is a major one and we are hoping to work out, with the four provinces concerned, a comprehensive region-wide program. We are also, in this connection, having certain research done on the possible economic utilization of waste from food and food processing plants.

Now let me turn for a short time to the transportation situation. I need hardly emphasize how important transportation is. It is obvious, too, that even if we had the transportation system that was in perfect economic shape to start with, changing circumstances, advancing technology and the evolution of a regional economy would call for a re-assessment and probably a revamping of that structure in order to maintain or improve the competitive position of the region.

There are certain obvious deficiencies in the transportation sectors. I would mention, for example, the pressing need for the expansion and strengthening of the network of trunk highways in all the provinces, with particular attention devoted to bringing key roads up to all-weather conditions. This is one of the great difficulties in the Atlantic region; when the frost is coming out, the roads can break up badly unless they are specially constructed. In this connection, the Board early last summer assigned an amount of \$10 million from the fund for certain urgent work in the four provinces. Only last week the Prime Minister of Canada announced a further program of \$30 million (on a 50-50 cost-sharing basis) to improve trunk highways in the Atlantic regions over the next three years. The Parliament will be asked to provide money for this program through a special vote for the Atlantic Development Board and thus it will be in addition to the amount available in the Atlantic Development Fund for various other types of programs.

This further assistance from the federal government reflects the particular needs of the Atlantic region for a better transportation system to promote economic expansion and also the difficulties of the provincial governments in financing quickly a road program on the scale required. The specific routes to which assistance will apply will be determined by the Board in consultation with the individual provinces and will be selected on the basis of their potential contribution to the stimulation of the regional economy.

I might mention in passing that there was also an announcement from the Prime Minister in connection with federal assistance on a large bridge project in the city of St. John. The bridge is regarded as vital, not only for the better utilization of the port of St. John, but also as an essential link in the road network of the region.

I will only mention in passing that in the field of transportation we also have problems with the ports of Halifax and St. John, both of which have suffered to some extent as a result of the increase in winter navigation on the St. Lawrence river. We have studies under way, in connection with these ports, directed towards a better realization of their potential.

In our opinion it is not good enough merely to look at roads and ports. We must look at the transportation thing overall, and we are proposing to go forward on a comprehensive and integrated study of the whole Atlantic Region.

As far as the manufacturing industry is concerned, the provinces in the Atlantic region have their own forms of assistance, which may include loans or the guarantee of loans. The Board is prepared to supplement this assistance for viable operations insofar as general services in the broadest sense are concerned. The Board does not, however, make loans.

In addition to the type of aid it now provides, the Board has been requested by the Government of Nova Scotia to supply direct proportional grants for the capital cost of construction of manufacturing plants, as well as to cover part of the payroll costs of such new industries during the first two years of operation.

Because of the broad implications of providing such direct proportional grants, the Board has not yet applied a general policy in this field. I must admit that this is certainly a field where we are not at all sure of the proper way to move. One thing we feel is that we should only push industries, whatever our policies in actual assistance may be, that have some long term advantages in being located in a particular spot. We are rather nervous about backing up industries which might tend to leave a particular area once the adrenalin of special assistance has worked through their systems.

I have strongly emphasized the importance of a region's infra-structure in determining the attractions of the area for economic development and industry, but infra-structure must be thought of not only in terms of the physical equipment of the region but also in terms of the region's complement of well-trained, scientific and professional personnel, not to mention generally trained personnel.

The provinces in the Atlantic region for some time have been conscious of the importance of efficiency and progress in industry, of the availability of scientific and technical advisory services and of the need to strengthen the position of the region in this respect.

Nova Scotia Research Foundation was established a number of years ago to furnish such service. The Province of New Brunswick has recently established a counterpart, the New Brunswick Research and Productivity Council. The Board has considered that one of the most useful steps it could take in creating a favorable environment for economic growth in the region would be to provide capital assistance for research facilities to be devoted to the application of scientific advances and new technology to the region's resources. This would have a two-fold advantage of encouraging a better utilization of both the human and the physical resources of the area. The Board has just announced a capital allocation of approximately \$3 million for the provision of laboratory buildings and equipment to be placed at the disposal of the Nova Scotia Research Foundation in Halifax and the New Brunswick Research and Productivity Council in Fredericton. This will help to bring the Atlantic region closer to the level of other provinces in Canada which already have well-established and equipped provincial research foundations which give strong support to industry, especially to the smaller industries which cannot afford to establish or maintain independent research units.

This review I have given is only of the highlights of the Board's activities and is, of course, by no means complete. Now, judging by the time factor, I would just like to draw a few conclusions.

There are many specific complications which the Board encounters in attempting to carry out the task which it has been given. Moreover, the Board itself represents an interesting experiment in drawing on the experience and know-how of eminent local citizens in various fields of activity working with a permanent staff operating in the context of federal administration. The members of the Board through their direct recommendations to a federal minister influence the expenditure of large sums of money in the interest of developing the economy of the region. It is an interesting experiment.

Our experience indicates that we can approach our task with no preconceived notions and that to a large extent we have to devise policies and, in particular, detail procedures to fit the circumstances of an individual problem, situation or area. Special considerations are introduced by the fact that the Atlantic region is not one but four distinct areas, from both the political and economic point of view. Naturally, therefore, the Board must cooperate very actively and with frequent personal contacts in the provinces, as far as economic development is concerned. The Board must also keep in touch with such agencies as the Atlantic Provinces Economic Council, the Atlantic Provinces Research Board, the Maritime Transportation Commission, etc.

Another complication which one must expect to encounter in some measure is in the public relations field. One is almost bound to be torn between the views of the planners, who wish to withhold action until projects can be carried out in the context of a total plan, and the impatience of those who are confronted with what appears to them to be a pressing, immediate issue on which action should not under any circumstances be delayed. In my opinion, broad economic planning and action on specific programs and projects must go hand in hand. The action should be governed as far as possible by the general direction of an overall plan. On the other hand, the plan must be adjusted periodically in the light of experience and of changing circumstances. We must, in effect, be both visionary and practical.

REGIONAL DEVELOPMENT IN NORTH AMERICA THE  
NEW YORK STATE APPROACH

by

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Without the benefit of a framework for regional government, New York State has managed to develop to a degree of leadership in the United States. The federation of national, state and local government upon which it has relied for almost 180 years has without a doubt proved sufficiently viable and flexible to meet the ever changing needs of our society.

The northeastern region of North America, the continental community which New York State sits astride, now contains two-thirds of the industrial strength of both Canada and the United States. This is the most abundant economy ever attained by man. In manufacturing, trade, finance, research and education it surpasses any similar area in the world.

This continental community extends from the Great Lakes to the mouth of the St. Lawrence River and southward to Chesapeake Bay. Within this northeast region there are two largely urban "complexes" - aggregations of cities, suburbs and industrial facilities - in which the urban centers are growing ever closer together and fusing into super-metropolitan areas. Each has about the same population now and each is growing at about the same rate. Each is expected to have 80 million inhabitants by the year 2,000. The northern complex, stretching along the Great Lakes and down the St. Lawrence, has three main areas of density on the middle Lakes, the lower Lakes and in the river valley itself which are expanding toward each other. Similarly, the Atlantic Coastal complex to the east and south has its outward-growing density centers in New England, the Middle Atlantic States and the vicinity of Chesapeake Bay.

Geographically and by its own initiative, New York State has been the major connecting bridge which is uniting these two megalopolises into one continental community. It has prospered in this role in the past; it has the same opportunity for the future.

Although I have no great knowledge of government, in the United States, and I believe also in Canada, the key to success in the past has been due largely to the federalism which prevails in each nation. The concept of partnership between local, state and national government, the delegation and reservation of responsibility and authority to the appropriate level of government has provided the necessary flexibility to meet the demands of the past and will continue to do so in the future.

New York State played an important role in the creation of the United States government, giving it powers to deal with problems and functions too large or otherwise inappropriate for the several states to cope with individually. On the other hand, it was early recognized that the state government was far too remote to be able to deal with intimate local problems with the necessary detail to make such action effective. Thus the counties, towns, cities and villages have an equally important role to play in this partnership of development.

There has been in the United States a tendency for the national government to offer monetary grants to the states. I understand this is a procedure generally followed in Canada too. In the United States such grants have nearly always been for designated purposes, such as highway construction, and specific conditions are regularly attached to them; stipulations that they be used in a specified manner or that states match them in a certain proportion. In the past several decades direct grants to municipalities, bypassing the states, have become more and more prevalent,

which has tended to some degree to weaken the importance and value of state government in the eyes of its citizens.

To a certain extent it may be argued that the states have been lagging in their partnership with local and federal government. Because of the lack of action by state governments, or the unwillingness to tax, or the improper pressures of some groups against others, such as the power of rural legislators over urban areas, the federal government has often taken action to meet the needs. Examples of this can be found today in such federal programs as urban redevelopment, housing, transportation and welfare.

In order to preserve the federal system the states cannot allow themselves to be bypassed. In effect, they reserve the powers not expressly delegated to the federal government, the reversal of Canada's federalist system, and must themselves create new methods or procedures for handling emerging problems within their borders and in the municipalities which they created and are in a sense responsible for.

In delivering the Godkin Lectures at Harvard University in 1962, Governor Rockefeller made several comments directly pertinent to the philosophy behind the planning now being undertaken in New York State. The Governor stated:

"In our federal system, the sources of productive power, initiative, and innovation are to be found at all levels of government, and they forever interact on each other, with the initiative depending importantly on where the most dynamic leadership exists.

The states -- through their relations with local governments, their greater resources and powers, and their closeness to the people and the problems -- can and should serve as the leaders in planning, and the catalysts in developing cooperative action at local-state-federal levels."

As you have recognized in Canada, and as we in the United States are realizing more and more, the continental community is rapidly being faced with a new series of problems - problems created by the growing importance of things which really existed all along but which have changed in magnitude, depth or direction. Forces of action and reaction created by new forms of transportation, increased leisure time, better wages and more money to spend, advanced communications technology, better education, new industrial and commercial markets and changing criteria for land uses have created development problems beyond the physical and financial control of local governments.

Fast as the population of the northeast community is growing, it is urbanizing even faster. Almost 90 per cent of the 17 million people in New York State are living in urbanized areas. Based on present trends the Office for Regional Development predicts that the children of the present State residents will live to see this population reach the magnitude of 40 million.

The scope of the job that lies ahead is dramatized by a single statement. As Governor Rockefeller has stated, in the next 40 years, in New York State, we must build the equivalent of all the houses, streets and communities that we have acquired since George Washington stood on a Wall Street balcony and was sworn in as the first president, in 1789.

This tremendous construction program, the largest in New York's history, will provide merely the physical facilities required by our children and grandchildren. Many individual buildings will be bigger than those we now know, and there will be increasing demands for open space. Future builders in urban areas will be less concerned with single structures than with complexes of buildings and entire communities.

What is more difficult to visualize and plan for is the kind of life that people will live in the future metropolis. Will increased leisure, for instance, create a demand for knowledge comparable to the present interest in entertainment, travel and sport? Will fathers and mothers go back to school to keep up with their children? Will urban history reverse itself, with industries and business moving into the suburbs, while suburban families return to the city to enjoy its variety, color and charm?

Although comprehensive physical planning has been actively undertaken in many parts of New York State, it has been largely concentrated in cities and metropolitan areas, because the growth of these areas has been so rapid and their needs so urgent. But planning which starts at the city center and ends at the metropolitan boundary is obviously too limited to deal with the statewide growth of tomorrow which we anticipate.

In New York a number of State departments and agencies have pioneered in planning for their own particular functions, and have cooperated with local governments concerning mutual problems. The federal government too has become increasingly active in local physical development programs such as housing, urban renewal, flood control and the building of airports and other transportation facilities. The result has been a crisscross of lines of authority and a confusion of responsibility.

There is a need for a new approach; an approach which will simplify and also enlarge the scope of community action. American instincts are strongly opposed to over-centralized planning on a national or statewide basis. What we propose is a regional focusing of interests which will build efficiently for the future and in which local responsibility will be indispensable.

The coordination of physical development on a regional basis throughout New York State, which the Office for Regional Development recommends, is simply a means for focusing public action on the comprehensive needs of the various sections of the State. The word "region" in this connection applies to a multi-county area united by economic interest, geography or other factors.

I think we all agree that when problems transcend a particular governmental boundary and involve other governmental units, a search for the solution to those problems must be joined in by all of the governmental units involved. This is the underlying thesis of regional planning. But whether you are talking about New York State or California or New Jersey, the fact of the matter is that between the county level and the state level there is no governmental organization of any kind. To the best of my knowledge this statement holds true in 49 of the 50 states. The only exception is Connecticut and here the only reason the observation does not hold true is that Connecticut has no counties.

Thus in New York State before we could hope to achieve any public support for our state planning program, we had to make it clear from the beginning that we



were going to approach regional problems on a regional basis, to be sure, but we were going to do so using the existing traditional governmental forms and we were not going to create new ones for this sole function.

I think from what I have said you can easily understand and visualize now the planning structure which has been established in New York and on which we are hanging our hopes. There are two different methods which we are using to solve regional problems and here I am using the word as being synonymous with multi-county problems. In the first place by constitutional amendment in New York now we have given any municipality, including counties, the power to join with another municipality to do jointly that which either one of them could do singly before. This enables two counties with a common problem to join together by contract to attack the problem. If interference or action by the State is not necessary, this presents a feasible route to a practical solution. But, on the other hand, there are many regional problems that are multi-county problems which cannot be solved by the joint action of several counties alone. Here we propose that the State of New York prepare for such a group of counties a regional plan. But notice when I say regional plan in this sense, I really mean a State plan prepared by the State for a multi-county area. This is the reason that usually in New York we say we are doing State planning by region rather than say that we are doing regional planning.

We have divided the State into 10 sections, or regions, each of which will be studied in detail by the Office for Regional Development, resulting in area development plans, the summation of which will provide a part of the State's Comprehensive Development Plan. But before I discuss further our concept of a Comprehensive State Development Plan, let me make a few comments on state and regional planning in America and briefly outline the history of the Office for Regional Development.

In the United States regional development has to date been pretty much a partnership between federal and local government, depending on the ability of several local governments to join together in solving the problems which overlap their boundaries. Even this activity is only recent. Although city planning has been well established during the past several decades, regional planning and comprehensive state planning is still in its infancy. I hasten to add that there are some notable exceptions to these remarks.

While the states were involved in a flurry of public works planning and programming in the 1930's, spurred on by federal grants to improve the economy in our great depression, these activities dwindled as World War II precluded the need for economic "pump priming."

Activity and interest in state and regional planning is only now beginning again to come into its own in the United States and, in its development, stands where city planning was in the early 20's and 30's. While incentive is partly created by federal monetary assistance programs - such as our famed "701" Urban Planning Assistance Program of the Federal Housing Act of 1954 - it is also due in part to the awakening of the states to the new and expanded responsibilities which they must meet.

Of the several states actively engaged in planning - Tennessee, Kentucky, Connecticut, New Jersey, California, North Carolina, Delaware, Wisconsin, Hawaii,



Vermont and New York are among the leaders. Programs vary in approach from state-wide efforts limited to an attempt to coordinate existing state activities to that of administrative and financial assistance to local planning programs. In New York State, where assistance to the local planning effort is already well in hand, we believe that through a three pronged effort of (1) central or functional planning, (2) regional or geographic planning and (3) special and basic studies, we can achieve a much more effective state development process.

While New York State has had a long history of state planning activity, dating from the State plan proposal of Clarence Stein and Henry Wright in 1924, by the late 50's this process had become diffused into separate state department planning activities, concerned with the development of their particular facilities, to a degree of fiscal planning and capital budgeting by the Division of the Budget, and to the political planning function of the Governor's Program Office. In addition, the Bureau of Planning in the State Department of Commerce was and is carrying on a well defined program of assistance to local planning programs. This work is primarily the administration of federal grants for local planning activities, for which New York State also contributes a substantial amount. As I understand it the present planning program in New York State was begun at Governor Nelson A. Rockefeller's direction after his observance of the State planning process underway in Hawaii, during the annual Governor's conference held in that state in 1960.

The Office for Regional Development was established by the Governor in April 1961, as part of his Executive Chamber staff organization. It was assigned four principal functions:

- 1) To help coordinate the planning and development activities of all State departments now in existence;
- 2) To help coordinate State planning and development activities with those of the local and federal governments;
- 3) To encourage comprehensive planning on a regional basis;
- 4) To facilitate, by State action, local planning and development activity.

To maintain the flexibility necessary to the discharge of its varied responsibilities, the Office has consisted of a small staff, supplemented when necessary by professional contract consultants.

The Office of Regional Development spent its first two years involved in research, study and analysis of the potential for State planning. As I mentioned already, in its early work the State was divided into several regions for more logical and intensive study. Planning consultants were engaged in each multi-county area to prepare reconnaissance reports on the regional problems and the development potential for each area. In addition the Governor made a series of regional trips to review some of the problems at first hand.

The result of this work indicated clearly the nature and extent of regional planning and development problems in New York State. While there were, of course, notable exceptions, by and large, local governments were not getting the necessary planning commitment from the State to enable them to fully develop local plans requiring State contributions of major highways and other regional facilities. Conversely the State, in many instances, did not truly understand the needs of local communities because of lack of familiarity with particular situations. Thirdly,

federal programs administered with or without State assistance were often misguided or improperly used for the same reasons.

In March 1962, Governor Rockefeller directed the Office to prepare a report on the long range needs and opportunities of the State and its regions. This report entitled "Change/Challenge/Response, A Development Policy for New York State," was completed and released by the Governor this past summer. It is essentially a recommended State approach to solving the State's regional development problems. It sets forth the scope of the development problems of the State and the recommended policies to be followed in solving them.

The report recommends the establishment of a process of comprehensive State planning, on both a regional and statewide basis, to act as a guide for all persons and organizations concerned with the development of New York. This process will result in a comprehensive plan, useful to the State's chief executive, the various State departments and the State Legislature in their decision-making processes. It will also be a commitment by the State, useful to the federal government and to local governments and neighboring states, as well as Canada, in the coordinated planning of related development.

The job of the Office for Regional Development is now one of carrying its recommendations forward - to further refine and define "Change/Challenge/Response."

Frankly, we are finding that going from the rather general recommendations we have made to date to the more specific and exacting study design for carrying out our State planning is a formidable task.

The process of refinement is important not only to our own understanding of the task before us but it is important to the federal and local governments as well. If we are to expect complete cooperation in our proposed partnership for development we must assure our partners of the propriety of our proposed actions.

We see the State planning process as one which tries to combine the theoretical with the practical, the Utopian with the actual, the most logical proposals for the development of uncommitted lands combined with the most appropriate redevelopment of existing areas. We see the need for establishing broad policy decisions on matters of State responsibility in the federalist partnership, to cover such functions as schooling, roads, regional parks and preservation of natural resources. We see the need for understanding in detail the particular needs of various State departments. We need to coordinate our development with Canada and our neighbor states. And we need to provide basic data and trends of development for use by various State departments and other levels of government.

The State plan will take several years to complete, for it is to be accomplished via a series of regional plans for the various areas of the State. We will begin our planning program in two or three of the 10 regions each year, with each region's program lasting two to four years depending upon the complexity of the area. However, this will comprise only a portion of the State plan. To the regional plans must be added the essential ingredients of development goals, and policies for achieving these goals, established at the State level.

These goals and policies will be developed through the formulation of a series of comprehensive statements of statewide development factors and needs pertaining to elements of urbanization, resource development, transportation, social and

economic development, and public facilities. These functional statements will be "white papers" - studies in depth of the various problems confronting the State in its present and future development and consistent policies whereby the State may surmount these problems or perpetuate favourable trends.

One of the first steps to be accomplished in each region involves the establishment of a regional council, with strong local representation, to encourage and promote planning and development activities at all levels of government, but specifically to focus State, local government, community and private attention upon regional interests and needs. The regional councils will be advisory in nature and will help determine the region's reaction to the plan as it evolves.

The State Plan for each region will include four categories of information:

1. Goals to be achieved by the State in terms of State facilities, and functions,
2. Compatible local plans, developed by local agencies,
3. Suggestions for local plans where none exist or where those existing do not appear to be in the best interest of the entire region and the State,
4. The proposed State programs and policies necessary to accomplish the recommendations of the Plan.

It should be noted that the inclusion of local plans in the State plan is essential, for they create the development potential and indicate the need for State action. Where no local plans exist, assumptions and suggestions will have to be made in order to understand and show the logic of the State plan. Likewise in those areas of the State where unique or unusual conditions indicate the importance of a physical area or of the development policy of a particular community to the region or the State as a whole, development suggestions and policies reflecting the broader concern will have to be made.

The process for developing the regional plans will involve five basic steps:

1. Study of existing conditions, fact-gathering, and analysis of data. Much of this work is being or has already been done in areas of the State and need not be repeated such as in the heavily urbanized tri-state metropolitan region centered on New York City. This is not true, however, of some of the more rural sections of the State.
2. We must determine the trends of development. Again much of this work has been done in certain areas of the State.
3. An analysis of why these trends have been occurring; a determination of the forces behind them and their relative merits.
4. The establishment of goals and objectives which we hope to achieve.
5. The development of methods, both physical and programmatic, for guiding or modifying trends which are not leading to the desired goals and for reinforcing those trends which are leading in the right direction.

This, to me, is positive planning. It differs from much planning which is merely the projection of trends with little or no thought to the value of end results. Such negative planning ends up with a determination of the amount of



facilities, or money, or "what-have-you", necessary to meet the projected need, but without really improving the existing situation.

In summary then, the New York State planning effort is an attempt to help bring its own house in order and to help its local communities solve the changing and evolving problems which transcend their borders. It is also an effort to relate responsibility to the federal government in order to insure the best possible development through joint action and leadership at the appropriate levels of government.

Our State planning program is a three-pronged effort. It involves a close look at the State by logical multi-county areas or regions. It involves the development of statewide policies to act as a guide to appropriate State action related to development throughout New York. It involves the carrying out of basic and special studies and services, such as base mapping and State-wide economic and population studies to help support the main program.

The three phases must be so integrated as to develop a State plan which is as far reaching and Utopian in nature as possible, yet is brought down to earth, kept practical, and made as useful as possible to the State government procedure, by developing a deep understanding of the needs of the various regions of the State.



AN INTERNATIONAL CASE STUDY

by

Per Holm,

Economist, Author and Lecturer

The development in different parts and regions has been one of the most debated political problems in post-war Sweden. Discussions on location policy has become concentrated on three main problems:

1. The decrease in population in the countryside proper.

2. Emigration - sometimes stagnation or diminishing population in some regions where rural occupations are predominant, especially in northern and south-eastern Sweden.

3. The large increase in population in the big city areas.

From an economic point of view it is of importance to realize that emigration from the countryside to the densely populated places as well as the migration between the regions have been the result of an unusually rapid economic development. They have taken place during a period of almost full employment and an increase in real income at a pace unparalleled during earlier periods.

The rapid economic development has not only taken place in industry but has been nearly as rapid in agriculture and forestry. Thus the number employed in agriculture during the post-war years has decreased by around 1 or 2 per cent a year, and a great number of small farms are abandoned every year. At the same time, however, the total agricultural production has increased and the real income of the farming population has increased at nearly the same rate as that of other population groups.

Why then, has Sweden desired an active location policy, directed to influence population trends and economic development in different regions? Two main reasons can be given:

The social one - stagnation or depopulation of a region leads to an unfavorable population structure with many old people among the ones who stay on. Decrease in population leads to poorer service both in the private and the public sector.

The economic one - by location policy measures it ought to be possible to make better use of available resources of production and thereby increase the pace of the economic process. In this connection the economic arguments are of interest. As all economists know there is no satisfactory reply to the question, whether, from an economic point of view, it is more rewarding with a concentration or decentralization of industrial production units.

In Sweden, as in all other countries, the aim of the economic policy can be summed up in the following sentence:

To create full employment for the labour force and to stimulate the quickest possible economic growth.

These words are really not important by themselves. The interesting thing is the measures that have been adopted in order to realize this aim. Can an active location policy become part of the economic policy? Our reply to this question is 'Yes', if the location policy is pursued in a sensible way. A number of factors must be kept in mind:

We know that the living standards and local resources vary between the regions, for instance, as measured by income per capita or the relative number of

unemployed or under-employed.

In a full employment economy during the process of expansion a number of bottlenecks emerge. In certain branches and regions there may be a shortage of labour or real capital. These bottlenecks are to be found both in the private sector and sometimes even more markedly in the public sector. They are concentrated in certain expanding regions, such as the metropolitan area.

The type of business cycles that have prevailed during the post-war period is characterized by crises that can strike certain branches and regions at the same time other branches and regions are enjoying a boom. The slow transfer of labour and capital between the regions then decreases the pace of economic development.

If these conditions are combined, two possibilities emerge in location policy. It can be directed to support the development in those regions where the resources are not fully exploited; the alternative is to try to transfer resources, from those areas where there is under-employment, to the expanding areas. In both cases, one can count on stimulating the pace of economic development. Whatever alternative one chooses, it becomes necessary to coordinate location policy with business cycle policy and, above all, with labour market policy. In Sweden one reaches the conclusion that the location policy must be pursued as an integral part of the general economic policy and especially the labour market policy. I might add that in Sweden the labour market policy is a very important instrument in the economic policy. This had resulted in the public body for labour market policy becoming also the central body for location policy.

The aim of location policy to support and stimulate economic progress means that we accept the structural rationalization in industry as a starting-point for the rational location policy. This also signifies we accept the fact that population declines in the countryside and becomes concentrated within the regions in urban areas.

Before I go on to the means which have been taken I want to give a few facts about the Swedish society. Of the seven and a half million inhabitants of this region, only about 12 or 15 per cent are employed in agriculture and forestry. This means that after England and Belgium, Sweden is Europe's most highly industrialized country, and that the degree of industrialization is about the same as it is in Canada. Only three towns have more than 200,000 inhabitants. Stockholm exceeds 1,000,000. Swedish manufacturing industry has always been decentralized in smaller towns, dispersed all across the country. This is natural with regard to the timber and steel industries which have grown up close to their sources of raw material, which can be found all over the country. It is perhaps surprising that the new industries are also spread over a great number of average-sized towns throughout the country.

In order to understand Swedish local and regional planning and central and regional location policy, one must understand that the Swedish municipalities have a very strong and independent administrative position. They have been granted the right of taxation by way of a direct proportional income tax. The assessment is about 15 per cent of the private income. Besides this, they receive quite substantial public grants for the financing of their activities. The municipalities are, among other things, responsible for primary education, town planning and town building. The municipalities have a kind of monopoly on physical planning. No private enterpriser

in the urban areas can build without a plan, approved by the building committee of the municipality. In most cases it is the municipality's own body which designs the plan. The municipality has to base the plan on a master plan which is connected with the long-range plan for the development of the community. It can be said that Swedish legislation not only gives the local authority power to decide where but also when the development is to take place. And I might add that for a long time the municipalities in Sweden have been buying up land in order to exercise a positive control over prices and the uses it is put to. This is not a brain child of 20th century radical economic thinking; it is a traditional feature of the Swedish administration and accepted by a large majority.

The counties form a larger administrative regional unit. There are 24 counties, and each sector of the Stockholm central government with regional responsibilities is represented in the county administration. Thus the National Board of Labour is responsible in each county for questions regarding the determined labour market policy and the location policy. I use the word region without defining it. In a geographic or economic investigation, it is possible to let the purpose of the investigation decide how large a region to work with. But if the regional division is to be used as part of an active economic policy, the region has to be linked in with administrative units.

In the development of location policy in the 50's it was soon found that the county units were sometimes too large. The municipalities were too small but they supplied the primary statistical material for the regional locational planning. Considering their activity in physical planning and their investments, it was natural that they became the starting point for location policy. To a certain extent it can be said that they have been the consumers of the public location policy; our municipalities are so strong in Sweden that we have no problem in arousing local interest in industrial development.

In order to form a basis for its location measures, the Labour Market Board carried out a complete division of the country into relatively small economic regions. Each region consists of a central place, which is large enough to possess or is already possessing a high school. This means that a region should have around 40,000 inhabitants. Sweden has been divided into around a hundred such regions. The borders of these regions follow municipal boundaries. These regions have formed the basis for advice for enterprises on location position. During the period up to 1965 that we have pursued the location policy with these smaller regions as units, some changes of importance to the location policy have taken place, regarding the conception of a community's suitable size (or municipality as you would say).

The changes were:

- (a) Demand for certain public services increased very rapidly.
- (b) It was discovered that economies of scale could be obtained in the public as well as the private sector.

The administrative necessity for larger boundaries also sparked the reform. The school system had to be extended to an obligatory nine-year school. The new schools had to be large units in order to offer an education of equal quality to the whole country. The municipalities had to cooperate in both financing and locating



the new school units. School planning became the reason for a re-examination of the local boundaries. This time it was the municipal officials themselves who urged larger and more efficient units. The desire for municipal reform was supported to a large degree by the realization that local development policy must start with units counting both rural and urban areas. The old conflicts and differentiation between agricultural and urban areas were ready to be forgotten. The number of communities will now be reduced from about 1,000 to 282 "blocks of communities".

In the daily practical work on problems of location, we have in post-war Sweden taken advantage of a whole series of measures, from the starting of public enterprises to indirect measures such as the development of a communications system in a region. It is also important, I believe, to accentuate that we have based our programs on market policy. Only enterprises and activities which can be expected to survive in national or international competition have been supported. I might add that Sweden has the lowest tariff on manufactured goods of any country in the world, so that all industries must continually compete with imports. With only one or two small exceptions, "subsidies as means of support" were not used up to 1964 in the centrally-directed location policy.

If I should list the location policy measures which have been employed since the war, I get the following:

1. Advice for private enterprises.
2. Labour market policy measures to influence the location of enterprises and the labour force.
3. Coordinated locating of public enterprises and activities to regions within the regions.
4. Coordinated economic and physical long-range planning.

At the end of the Forties, the Industrial Association of Sweden, representing Sweden's private enterprises, and the Labour Market Board, representing the public authorities, founded a common body to give advice in matters concerning location policy. The work has been organized in the following way:

Each enterpriser who plans to start a new enterprise can contact the local or regional representative of the Labour Market Board. He there obtains information as well as advice regarding the location of his industry and possible places in various parts of the country are then discussed. If he turns to industry's own organization for consulting regarding location, he will get the same help. The two organizations cooperate fully. The employer receives suggestions regarding suitable places, and information and projections regarding the supply of labour and access to land.

The aim of these activities is to disperse the locating of new enterprises to areas which are especially advantageous from society's point of view. This goal has been achieved without any difficulties arising between the enterprises and the local authorities. It has been rather successful. A number of new enterprises have been located in development regions and in areas, for example, with a too one-sided economic life.

You perhaps know that we in Sweden pursue a very active labour market policy. This is aimed at bringing labour to enterprises as well as bringing enterprises to areas with an immovable or slow-moving labour force. When it is a matter of attempting

to bring enterprises to the labour force, besides the advisory services I have just spoken of, the following means are used:

In agreements between the different parties in the labour market - the employers and the association for the labour unions - it is stated that the enterprises which get into financial difficulties and plan to close down have to give warning about this at least two months before such a step is taken. The authorities are then able to decide on the best means of placing the released labour. This can be done by the authorities contacting enterprises in or outside the places which are short of labour. They arrange "re-schooling" courses or give financial help if the released workers want to move. And if the shut-down takes place at a large enterprise with modern plant and equipment the Labour Market Board can also interfere and arrange the transfer of plant already installed to a new enterprise.

This year an agreement was reached between the groups on the labour market that the enterprises must also give advance notice of expansion plans and calculate the increase in employment which is expected as a result of the new investment. This information is then passed on by the labour market authorities to the local authorities concerned. They can then use this information when planning to develop the municipal service facilities.

In 1964 Parliament decided to complete these general measures with special ones for the locating of industry in certain regions, particularly in the north of the country. This decision means that enterprises which have been located in these areas can obtain a grant towards new construction, to a maximum of 50 percent of the building costs. This grant can be combined with public loans, covering two-thirds of the whole investment cost. This is as a trial for three years.

The motivation for this assistance program was a number of surveys showing that location to the most northern regions of Sweden is above all hampered by the fact that building costs there are relatively higher than in other parts of the country. It has been stressed that assistance is only given to enterprises expecting to show a profit. In spite of this, the decision means a deviation from earlier policy, and there is a large body of opinion critical to this decision.

The labour market policy has also been used indirectly in the regional location policy. In those areas where there is unemployment or a low grade of occupation, as in some of the northern regions, the free labour force obtains occupation in public emergency works. These works are started when unemployment, for example, occurs through a temporary cyclical downturn as in the timber industry in 1958 and 1962. The Labour Market Board has used emergency works to a large extent for the construction of works that have improved the region's location for industrial purposes. They build roads and ports and similar things in such emergency work. From a regional point of view, the location of different public utilities has been of great importance.

I reiterate what I said earlier about regional division and location policy. Directions and plans for the location of high schools can be worked out centrally. This means that within each A-region or economic region there

is at least one place with a high school. These are run by the municipalities with public grants. The locating must therefore take place in consultation with the municipalities. They are then located according to directions given in the physical regional plan. In the same way, a net of advanced trade schools is planned all over the country. It has been evident that the development of the school system is of great importance in location planning of industry. We can offer those enterprises which become located into the A-regions' central places the same good educational alternatives for all the employees' children in all regions. The same pattern has been used in the development of hospitals, for example. It can be said that health service is general.

Coordination of the plans within different sectors also takes place in the counties and in the municipalities or the communities. The advantages of this method of working is that officials with responsibility for action and decision in the field draw up their own long range plans for the areas with which they are familiar. They get the plans examined and discussed with representatives from all sectors of the society.

In Sweden we are continuously improving the program. Special planning bodies consisting of both public and municipal representatives will now be created within the county boards. But I must underline that the most important planning still takes place in the municipalities. Each municipality must by law draw up a master plan which gives directions for the development of the community for a 10 or 20 - year period. These plans are only detailed for about five years and the methods used are rather traditional, but what is important is that to an increased extent we try to coordinate the physical planning in the different sectors of the municipalities with the economic development planning.

What have been the results of this policy ? This is difficult to measure. I don't know what would have happened if we had done nothing. I just want to mention that much industry in Sweden between 1952 and 1962 has been decentralized from the big towns to the regions. Areas with a surplus of labour and too little employment have been levelled off. On the other hand, the centralization of industry, especially the service occupations, has continued. The three largest towns have continued to grow, but only at the same rate or a little lower rate than the overall urban population. Industrial expansion in the northern part of the country has taken place at a normal pace in the cities on the coast but has been below normal inland.

The new location policy starts from the idea that certain areas less suitable for industrial development must be abandoned. We have an administration suited for location policy. We believe that location policy has been pursued in a way in which industry has been made more competitive. We intend to continue along these same lines.

PROBLEMS OF REGIONAL PLANNING AND DEVELOPMENT  
IN THE NETHERLANDS

by

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The development of the Netherlands has come about as a result of its situation at the intersection point of traffic ways between the European continent and the oceans.

The surface area of the Netherlands is about 14,000 square miles, of which 13,000 square miles are land; over half of the country lies below the sea level. Our country is about 240 miles long and 120 miles wide.

The population density is greatest of all European countries (907 inhabitants per square mile) and attains its peak in the low-lying western parts (2,124 inhabitants per square mile), where the plentiful occupational opportunities, due to intense industrialization and harbour activities, have attracted many people. As a result, the western part of the Netherlands has reached a higher level of prosperity than the rest of the country.

If this evolution were left to follow its natural course, a severe discrepancy between the various parts of the country, in population density and in sources of livelihood, would make itself felt. In order to avoid such a state of affairs, the government designated the so-called "problem areas", where regional possibilities of development are activated and stimulated, particularly by means of industrialization and reorganization of rural conditions.

#### The National Policy

The national policy aims at further specific development of the West, advancement of the backward problem areas and furtherance of the settlement of increasing numbers of the population in the remaining parts of the Netherlands. The following elements are included in the program: the working areas (rehabilitation of the countryside, more efficient spreading of the industries and services with suitable concentration in nuclei); the residential areas (adequate network of residential centres throughout the countryside); traffic facilities (adjustment of the infrastructure); outdoor recreation (conservation, e.g., creation of sufficient recreational facilities), and finally the associated activities (efficient backing with social, cultural and sanitary measures).

At regular intervals, the appropriate government bodies coordinate their different operations to fit into a clearly outlined policy of physical planning. The government takes planological factors into account when deciding on the conception, priority and execution of partly government-financed projects, in particular hydrological projects, housing policy, land consolidation schemes, recreation projects and social-cultural measures. In the regional development policy (regional industrialization in the problem areas and rural reconstruction), coordination by the government is even more necessary, since areas of considerable size are involved. Regional industrialization is essential in view of agricultural development, as the labour force released by agriculture is to be absorbed by industry.

The directives, having been laid down at the government level, are executed with full participation of the subordinate state bodies. The implementation is entrusted to the provinces and the municipalities in cooperation with the government. Both parties are jointly responsible.

Thus regional development makes up an integral part of the general policy of the government. Its three most important aspects, namely the regional industrialization policy, the reclamation policy, and the rehabilitation of rural areas, are to be dealt with here in further detail.

## The Regional Development Policy

The first basic step towards a regional industrialization policy was taken in 1951, when nine development areas were established in the northern and southern parts of the Netherlands. These areas presented relatively important and permanent labour surpluses. The government undertook to fight structural unemployment by carrying out infrastructural works, like road and canal improvement, and by furthering industrial settlement and expansion by the granting of initial subsidies.

Within some years it appeared that the results would not be completely satisfactory without concomitant measures in the social, educational and cultural sphere. The experience thus acquired, as well as the government-directed effort towards decentralization, led in 1960 to further extension and broadening in the scope of the general policy lines.

The relative lack of space in the Western part of the Netherlands compelled the planners to use the land as efficiently as possible. This meant that industrial development not specifically tied to this area had to be encouraged by measures designed to foster its initiation in the problem areas or to shift the location of existing industry to the underdeveloped districts.

An improvement of the settlement conditions outside the western part of the Netherlands should mainly take the shape of improving the relevant factors of settlement, like the provision of the infrastructure and of attractive sites for industrial settlement. Since these measures are only effective in the long run, a system has also been contrived under which industrial buildings and sites in these areas are subsidized for the sake of industrial expansion and settlement there.

An additional point of view is that of the principle of "spreading through regional concentration," which starts from a discriminatory principle. Indeed, efforts should be focused on a restricted number of nuclei, with enough inhabitants to justify the provision of ample public facilities. It is important that the fragmentation of educational and cultural establishments be avoided. From this point of view, concentration is a means and not a goal.

To what extent and in which manner the industrialization process in a given area may receive state assistance will thus be conditional on its situation within a so-designated problem area, and, more particularly, in a planned development nucleus. Outside these areas, industrialization is equally welcome, but cannot expect any special assistance from the government, which concentrates on a limited number of objectives. Government funds are granted, however, for a number of attending activities in the social, social-cultural and social-sanitary sphere.

Obviously, the concentration of industries in nuclei is bound to induce a migration of country people toward these nuclei, where they are going to make up part of the labour force. This will entail a certain amount of urbanization, but an adequate infrastructure and good means of transport

will counteract this effect by establishing shuttle services. Staff workers often prefer to live outside the centres. In this way, the dividing lines between town and countryside are becoming ever more blurred, to the extent that the latter undergoes a process of "urbanization", which is, in my opinion, by no means an unfavorable development.

The designation of problem areas in the Netherlands was based on a preliminary investigation which enabled the making of a forecast over five years (1957 - 1962) of the expected labour supply and the available jobs. Those areas, where domestic migration of redundant manpower over the period 1950-1956 ascends to 6 per cent or more, have been designated problem areas. These are the northern and southwestern parts of the Netherlands. The areas where the expected unemployment for the male population until 1962 exceeded 3 per cent were also considered problem areas. This is the case for part of the southern part of the Netherlands.

Afterwards the nuclei for development were singled out. In this connection it must be said that it proved very difficult to carry out reliable, unbiased investigations. It was therefore in a later stage preferred to ask the provincial authorities to submit themselves a brief proposal. In this, two main criteria were considered, namely the presence of an already vigorous industry, and the presence or availability of adequate social, cultural and public health provisions.

The original investigations and the proposals of the provinces were combined more or less, and that was the designation of a number of nuclei by the central government. The great number of proposals coming in from the provincial bodies induced the government on political grounds to designate some 20 additional nuclei. We discovered subsequently that this was a wrong decision and 15 of these nuclei were abolished.

The actual government assistance consists of a number of activities listed below. The primary coordination is effected by the coordination committee of the Ministry of Economic Affairs (infrastructure) and that of the Ministry of Community Work (social and cultural problems). In addition, the provincial and municipal bodies are constantly consulted as the plan is being implemented. With the state government, these bodies make up one consistent whole. Special additional funds are put forward for the improvement of the infrastructure in the problem areas, owing to which the realization of the normal program of infrastructural works etc., is accelerated and advanced.

The total state contribution for this purpose has been set at \$57 million over 1960-1964. Moreover, contributions are granted for providing work to the unemployed. The total volume of extra investments thus amounts to \$78 million. Under the provisional subsidies regulation, new plants and industrial extensions in the nuclei of development are granted a fixed sum per square feet of land which the industry concerned is expected to use. The second regulation subsidized the equipment of industrial sites by lowering the sale price of land intended for industrial settlement. For the two regulations in question, an amount of \$6 million has been earmarked annually over 1960-1964.



The housing policy provides for special types of inexpensive dwellings. A regulation for migration meets the expenditure of the unemployed being transferred to industry, who have to move and furnish their new apartment (\$150,000). A training allowance compensates for the unproductive hours where an in-service training is given in the newly established plants in these areas where most of the people are farm labourers.

The corollary measures in the social, social-cultural and public health sphere take up \$6 million in subsidies over 1960-1964, tourism and recreation an extra \$600,000, the overall support in respect of municipal monetary funds accounts for \$2.3 million.

Summing up we can state that yearly a total extra amount of about \$30 million is put at the disposal of the problem areas by the government under its policy of stimulation.

The attendant social, educational and cultural activities deserve special attention, since they play an essential part in the development of the problem areas. They should not be regarded as complementary activities, but rather as an indispensable element of the regional policy.

In a sense, the problem areas may be viewed as comparatively less developed areas. A dynamic tension arises between the degree of economic and social development. Technical and economic planning, which create prosperity, have to be coordinated with educational and social planning in order to attain an increased level of well-being. The purpose of social planning is to consciously shape the structure of the community and the mental attitudes of the population, according to a number of ideals and standards which within this community are more or less generally accepted. Among other things, community work can help to realize this goal, by influencing both the individual and his environment. The individual should be helped in coping with his own and his family's problems. On the other hand, the social environment of the individual and the family is being reshaped by social surveys, group activities and discussions, in the village centres, etc.

The enhancement of social awareness and the interplay in interhuman relations are the pillars on which rests this policy. The involvement of local authorities, private organizations and prominent personalities is as important as an efficient coordination and cooperation between these bodies and persons. The implementation and coordination of stimulating measures in the social-cultural sphere in favor of the problem areas rests with an interdepartmental coordination committee whose secretariat is part of the Ministry of Community Work. This committee assesses the applications with respect to subsidies concerning social activities as well as investment objects, such as swimming pools, playgrounds, community centres, local public health centres, etc.

The submittal of applications for subsidies in a single problem area is coordinated within the province concerned by a provincial coordination committee under the guidance of the provincial administration. After approval by this committee, the applications are forwarded to the government.

#### Regional Planning in the Polder Areas

One of the main features of the Dutch government policy is reclaiming of the polder areas. In the heart of the Netherlands is the former Zuiderzee.



an area of about 865,000 acres. A big enclosure dam of 18 miles length was constructed in the Twenties and after 1926 this area became a fresh water lake, called Lake Yssel. The bottom of this fresh water basin is about 13 feet below sea level. Parliament decided in 1919 to reclaim six polders in this area, namely: a research polder (1,000 acres, reclaimed in 1924); the Wieringermeer-polder (50,000 acres, reclaimed 1930); the North East polder (120,000 acres, reclaimed in 1940); the polder East Flevoland (135,000 acres, reclaimed in 1955); the South Flevoland-polder (100,000 acres, which will be reclaimed in 1970), and the Markerwaard (150,000 acres, which will be reclaimed in 1980). A fresh water lake for fresh water supply fisheries and recreation of about 310,000 acres will remain.

The main purpose of this work is to reclaim land for agriculture (1920-1955), but after 1955 it became obvious that the reclaimed land should be used for town building and recreation as well. The IJsselmeer-polders Development en Colonization Authority is a government service with a large staff of technicians, economists, sociologists and civil servants.

The two main problems are: the settlement of the farm areas and the determination of the number and size of the villages and towns. In particular, these problems are very difficult and in this field a continuing readjustment of the scheme is desirable. For this reason the execution is a tremendous job of planning and development. The agricultural land is leased on a long-term basis and the Dutch government has recently decided to sell properties as well to the farmers concerned. You will understand the political problem between the socialistic and the non-socialistic view on this field. In the settlement scheme priority is given to well-educated farmers coming out of the land consolidation areas, which will be dealt with at a later stage of this lecture. The land, which becomes available in the rural districts of the land consolidation areas, can be used for farm enlargement.

The size of the farms in the new polders depends on many factors. Not only economical and technical factors influence the size of the farms, but also political and sociological ones. Generally politicians urge the government to give land to too many farmers and as a result of this the farm size often becomes too small.

The whole scheme of the reclamation of these polders has been and is of great importance for Dutch agriculture.

Many scientists in agriculture, biology, economy, sociology have had their schooling and training with these activities.

### Rehabilitation of Rural Areas

During the coming decades farming practice will have to be adjusted to the rapid development towards mechanization and rationalization which is making headway in virtually all production, distribution and services sectors. In addition, agriculture must conform to the recent trends in consumption and marketing. Labour productivity in agriculture has experienced a marked increase since the Second World War.

The regional industrialization policy aims above all at industrialization as a means towards raising the level of prosperity, whereas the corollary activities also contribute to this goal. Likewise, it is the consolidation of land which gives the first impetus towards rural development, whilst other coordinated measures play a complementary part.

The 1954 Land Consolidation Act belongs in the first place within the framework of agrarian legislation. Indeed, from a simple agrarian process, land consolidation in the Netherlands had grown into a comprehensive transformation scheme of the agrarian structure more or less of the rural areas.

Land consolidation schemes affecting areas of 5,000 to 20,000 acres are drawn up by the Government Service for Land and Water Use, in collaboration with the Provincial Executive Councils, the representatives of the government services in the provinces and the representatives of the agrarian population. Once drafted, the plans are judged by the Central Land Consolidation Committee, which committee is composed of the representatives of five ministries of the central government and the farmers organizations. If the plans are approved, there is a vote by the interested landowners. The execution rests with a committee of interested persons ( the so-called local committee) who receive assistance from the Government Service for Land and Water Use, a surveyor from the Land Registry Office and other technicians.

The detailed drafting of the plans and the execution of the works take place by the government in a very close cooperation with the specialized consulting engineers firms we have in Holland and contractors and of course the provincial and municipal authorities and the water boards concerned.

The Land Consolidation Act of 1954 offers an opportunity to improve a geographically, economically and socially homogeneous area on the agricultural and socio-economic level. The decision for land consolidation is made by public vote of all interested landowners. The land consolidation procedure comprises total reorganization and rehabilitation of agrarian districts. Roads are built or improved, the water management is modernized, the scattered parcels are assembled to make up large and, whenever possible, rectangular units. Land consolidation also has an impact outside the strictly agrarian sphere, namely when plots earmarked for public purposes within the framework of the municipal expansion projects become available to the municipalities. The same holds for the construction of highways and secondary road, and for the setting aside of nature reserves and recreational sites.

The farmer on the less viable farm is encouraged to leave on a voluntary basis, whilst he is offered a good price for his holdings by the local committee. Furthermore, if he is 50 years or older, he can get an additional yearly pension from the government if he leaves his farm. In certain cases, intensification of production may be another solution to the problems of the farms concerned. In this way, subsequent to the departure of farmers to the newly reclaimed polders in the former Zuyderzee, land becomes available which is subsequently allotted to the remaining small holdings. If required and possible, these measures are accompanied by industrialization of the area or its surroundings.

During the period of preparation and execution of the projects, special attention is devoted to the provision of socio-economic, technical and agrarian-social information, and to constructive community work.

### Conditions

For land consolidation to serve a useful purpose, the area under consideration should comply with a certain number of conditions. In the first place it should be ascertained that there are reasonable chances that the area will continue to participate in the agrarian production for at least some decades after the consolidation has taken place. In some areas, the influence of industrial, urban and recreational developments is so sweeping, that it would hardly be logical to make any important investments there as far as the improvement of the agrarian structure is concerned. Investments are justified only if their beneficial effects persist 20 to 30 years at least. One also should make certain reservations for improvable physical conditions.

It is technically feasible, of course, to transform poor or waste land into tillable soil, or to improve the existing poor farming land. Experience has taught, however, that agricultural works in those areas tend to be costly, and, as a result, the production costs per pound of produce are bound to be high. Reforestation or other destinations, in those cases, seem to be better suited to this situation.

The second condition for land consolidation is that the farm size should meet certain requirements. This is of vital interest for the modernization of rural areas. It is beyond doubt that in small farms an optimal combination of the production factors of land, capital and labour is only possible with a highly intensive cultivation.

In this respect, the following measures are important:

- 1, During the period when improvement projects are prepared, one should survey the possibilities of creating or extending industrial employment in or near the area concerned.

- 2, The provision of education, professional guidance, training, re-schooling and agrarian-social information promoting the choice of a non-agrarian profession.

- 3, Departure of farmers for the newly reclaimed Ysselmeer polders (farmers from the land consolidation areas enjoy a certain preferential treatment in the settlement scheme of the polder).

- 4, The granting of a pension to farmers over 50 who sell their marginal property.

- 5, The land which thus becomes available must be allotted to those farmers who intend to stay in the consolidated area for the coming decades and who are able to operate bigger farms in a profitable manner.

The implementation of land consolidation projects often calls for provisions in view of the future maintenance of the finished works. For this reason, a reorganization of the administration of roads and water courses, preceding or simultaneous with the execution of the plan, may prove useful. Often, a technical and administrative consolidation within the newly established water boards is necessary. The modification in the network of roads and waterways may entail a revision of municipal boundaries and sometimes consolidation of municipalities.

As regards the many sectors of social and cultural life, in this respect also every effort is directed towards making the most out of the newly created situation. Much may be achieved by social work, church activities, as well as enlightenment of the rural population on technical matters.

The readjustment of the rural areas is a continuing process. This has been progressively the case during recent years. It is estimated that, of a total cultivated area of over 5 million acres, 500,000 acres will be taken up by non-agrarian enterprises in the coming years. About 75,000 acres are now adequately equipped. This means that during the next 20 years in our country 2.5 to 3.7 million acres of rural land will have to be reorganized. During the last few years, the land consolidation projects have been covering annually 110,000 to 140,000 acres per year. It is not yet possible to predict which programs will be tackled during the coming decades. In collaboration with the European Fund for improvement of the agrarian structure of the European Economic Community, it will be possible to handle and finance at least 150,000 to 175,000 acres per year. At this moment the reorganization of about 1,000,000 acres is underway and in close cooperation with our consulting engineers firm plans are in preparation for an area of another 75,000 acres.

The priority surveys have revealed that the need for land consolidation is not equally great in different parts of the country. There is nothing surprising about this, when one takes into account the divergencies in economic structure, age, origin, development and nature of the land and the agrarian infrastructure in the various rural areas.

A few concluding words about social and industrial measures accompanying the land consolidation procedure. These land consolidation projects which are carried out in the problem areas often tie in successfully with the regional policy of industrialization and community work. This is an important point, since the success of land consolidation is conditional on increasing industrialization. The rationalization resulting from land consolidation leads to an extra supply of manpower which can be fitted extremely well into the expanding industry.

Community activities facilitate shifts in occupations. In this connection, close contact is also maintained between the land consolidation bodies and the government's information services on agricultural techniques and management. The planning of agricultural advisory work in our country leads more and more towards programs extending over several years in specific areas, where it stimulates renewed activity. Besides, grants are made for pilot farms, practical experiments etc. There is intensive cooperation with farmers' organizations, which disseminate information on personal matters and family life, as e.g. model houses, agrarian-social and domestic information.



The Minister of Agriculture's policy intends to combine land consolidation with an intensive advisory program.

### Prospects

From the foregoing it becomes clear that industrialization and structural improvement are narrowly associated and exert a complementary influence on the rural rehabilitation process. They have to be accompanied however, by measures in the technical sphere (infrastructure, slum clearance); the social sphere (cultural, social and public health activities), and the agricultural sphere (information on technical and socio-economic matters). This creates a need for multi-purpose projects which provoke an interaction between industrialization and agricultural structure improvement.

A new element in this process is the newly created Fund for Development and Reorganization in Agriculture. This fund provides for financial stimulation of the voluntary abandonment of farms in cases where this seems appropriate. In this way, new possibilities are opened up.

There is no reason whatsoever to be pessimistic about the future of the Dutch rural districts, if only this future is faced with trust and courage. The prospects are even quite fascinating when viewed within the larger framework of overall economic development, internationally as well as in context of the European Economic Community.

Since border areas in Europe are going to play a greater part in international economic relations, regional contacts beyond the frontiers are bound to become more important. One may hope for Europe that regional development problems will be increasingly emphasized within the EEC. The Common Market Commission for Agricultural Structures is also placing more emphasis on regional problems in a general sense. Throughout Europe trends point towards re-enforcement of the development of regions as working units. A coordinated approach of these matters has proved to be successful and has yielded already obvious results.

A SOUTH AMERICAN EXPERIENCE IN REGIONAL DEVELOPMENT

by

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The term "under development" covers a multitude of ills. I come from a country and a region in the initial stages of development, with appalling deficiencies in public health, education and other basic necessities, yet an official of one of the international lending institutions on a visit through our Valley once remarked to me that three-quarters of their members would consider us by comparison anything but under developed. However, in going over in my mind our own very limited and elemental experience in this field I fail to discover anything that can be relevant to the much more sophisticated situations, requirements and capabilities of a modern, advanced society such as yours.

My presence at this conference at the kind invitation of the Government of Ontario must therefore be explained primarily as due to a desire to learn from the distinguished participants that have assembled here, and to obtain new insights and a fresh stimulus for our own efforts in this field. The brief description that I will give of our operations may also serve as a footnote to the main business of the conference and, perhaps, as a sobering reminder of the fact that the greater part of the world is still at the foot of the ladder, fighting against mounting odds to satisfy the most pressing needs.

Corporacion Autonoma Regional del Cauca, or CVC as it is called for short, is a small regional development authority established to promote the integrated development of the Cauca Valley region in Western Colombia. Let me first of all refresh your geography a little so that you will get your bearings and also fill you in with a few historical notes which I think are indispensable for an understanding of our situation.

Colombia is the northernmost country of South America; it adjoins Panama and therefore has coastlines on both the Caribbean and the Pacific Ocean. Its area of 440,000 square miles, is I believe, about the same as that of the Province of Ontario. It has a population of about 17 million, concentrated in the mountainous central and western parts of the country. Most of the people are of mixed stock, through the admixture of white and negro blood to the original Indian inhabitants. This massive intermingling means that we have no racial problem; in particular, we have escaped the difficulties besetting some other Andean countries that have large pure Indian populations severed from the mainstream of life.

The Andes mountains, to make life difficult for Colombians, divide into three high ranges, or "cordilleras", as they enter our territory from Ecuador, our neighbor to the South. The existence of these tremendous barriers with altitudes of from 10,000 to 16,000 feet has been, and continues to be, a drag on the development of the country. Although Colombia lies near the Equator, variations in altitude give rise to considerable differences in temperature and climate: in high mountain areas the temperature may often go near or below freezing, whereas in the hot lowlands it always keeps around 80 degrees Fahrenheit. This means that a variety both of tropical and of temperate crops can be grown.

Settlement has occurred primarily in the mountains and in the upper valleys of rivers. This was the rule among the Indian peoples who lived in the country prior to the arrival of the Spaniards, who preserved this tendency on account of the milder climate in the higher parts. Yellow fever and malaria, prevalent in the low, hot, forested areas, have only been conquered in this century and, in the case of malaria, after the Second World War. This does much to explain the pattern of our development, and the lack of it in many areas.

The Cauca River flows between the Central and the Western Cordilleras of the Andes on its way to join the Magdalena River and, later, the Atlantic Ocean. The Cauca Valley Corporation has under its jurisdiction an area of about 30,000 square kilometers in the upper course of the river from its source, including all the corresponding watershed area and also the adjoining lands to the west that drain towards the Pacific. The richest part of its territory is the high river valley, a stretch of a million acres of very flat and rich soils at an altitude of about 3,000 feet above sea level, suitable for a very wide variety of crops, with an equable, springlike and healthy climate, an average annual rainfall of around 40 inches, fairly evenly-distributed through the year, and considerable water-power, fuel and other mineral resources.

Why is this region, with obvious natural advantages, still in a very incipient stage of development? I will not follow a fairly popular line among some Latin Americans, that of "blaming it on the Spaniards". The settlement, organization and maintenance of law and order during 300 years in her vast possessions was a tremendous achievement of Spain, and its story has been much distorted, possibly because Spain got into disagreements in times past with England and other rising countries, and most of the history was written by the other side. To illustrate this discrepancy, one of my relatives once caused quite a stir in an English club when he remarked that the hero of small English schoolboys, Sir Francis Drake, is described in our history books as a common pirate.

Nevertheless, and with all due regard for our Spanish heritage, one must point out that it did not bequeath to us a political tradition of self-government. The colonies were run from Spain, through Spanish officials, who were generally required not to have any local interests or connections. As a result, when the colonies gained their independence they were left with few persons experienced in the conduct of affairs and no institutional framework within which they could work. There is a great contrast here with the British colonies in North America.

One other important factor that retarded progress of the Cauca Valley region was its geographic isolation. A very steep mountain range has to be negotiated before reaching the Pacific Coast and a railroad was completed only in the Twenties, more or less coinciding with the building of the Panama Canal, before which, in order to get to our part of America, you had to go around the Horn. In the same way communications with the interior of the country were, until a few decades ago, along mule-trails, often impassable during the rainy seasons. The Cauca Valley was in reality a sea of grass surrounded by high mountains, and for several centuries its inhabitants led an isolated and pastoral existence, raising a few crops for local consumption, and cattle, which was the only produce that could walk out.

One additional feature ought to be mentioned in order to fill in this background. The great geographical obstacles that have made communications so difficult between different parts of the country have brought the compensating advantage of promoting a certain balance between various regions. They have forced upon them a degree of progress and have given rise to attitudes of self reliance and of regional initiative. Colombia is thus free to a considerable extent from the centralization of many South American countries, which drains off to a disproportionate capital city an excessive share of the people, brains, wealth and energies of the country.

The notion of delegation by the central government of certain powers in a regional authority is therefore very much attuned to the feelings and aspirations of



people in Colombia. We in CVC have also discovered that, in spite of their deep political affiliations, one might fairly say of the viciousness of politics in Colombia, they are also very much favor of an organization which must, according to its charter, keep apart from politics, select and promote its employees solely on the basis of merit and run its affairs in a business-like and impartial manner. The Corporation has never been subjected to pressure from politicians; on the contrary, it has enjoyed the support of all parties.

The Cauca Valley Corporation was set up 10 years ago on the initiative of a very few persons prominent in the industry and agriculture in the region. In looking around and observing other worthwhile and significant developments that have occurred in my country in this period, I find the same story of a small group dedicated individuals responsible for their promotion and success. So I am inclined to conclude that, at any rate under the conditions prevalent among us, such undertakings are initially due to the efforts of a small hard core of individuals, and I would think that in the case of regional development the need for the initiative and leadership of prominent persons in the region is specially evident.

While I do not think that such organizations arise as the result of a regional consensus or by acts of government, they certainly need to answer to vital and widely recognized needs, and they have to gain, in order to maintain themselves and grow, the respect and support of large sectors of the region's inhabitants. This was certainly our experience in the Cauca Valley, where we ran early into some rather vicious opposition from a group of rural landowners, a very powerful class in the region, who didn't like a new tax we introduced. We survived on account of the general support of a broad spectrum of the people and of the organizations in the region.

While on this subject of local attitudes, I should mention something which in the case of our Corporation seems to me to be immeasurably more important than any physical improvements that the organization may as yet have been able to accomplish: it is the change of outlook of the people in respect of what is feasible for the development of the region, of what they can accomplish.

When CVC was established, the kindest comment ran something like this: "It's a good idea, but completely beyond our capability. It would be fine to be rid of floods and to irrigate the land, but the great dams and canals required can be built only by the great and rich countries". The Corporation set about only the most indispensable works to attend to pressing needs, yet these undertakings were large enough so that there was soon gained a wide realization that our problems are manageable and within our capability. I believe that now after only 10 years, the attitude tends to be : "Why don't they get on with the job more quickly?"

The method of administration adopted for the CVC is rather interesting as a successful way of solving a difficult problem. Capable administrators are, by definition, a scarce commodity in an undeveloped region. In my country there is no well-developed and efficient civil service. Jobs in the regular government departments are ill-paid and often dependent upon political patronage. They are therefore unattractive and sometimes even repulsive to the calibre of persons needed to direct an ambitious public undertaking.

The job of running CVC was therefore entrusted to a corporation-type board of directors composed of three high public officials and four private persons with

alternates selected in the region among the leaders in the professions and in business. The government was thus able to draw into its service a group of highly respected and experienced persons that would have been most reluctant to accept such service on any other terms. And the powers of government, delegated in the Corporation, are thus exercised by a board with a majority composed of private citizens.

I should make it clear that the Corporation is part of the Executive Branch and that it exercises its powers in the fields entrusted to its care, cutting across municipal and state boundaries.

The charter of the CVC lays down very broad objectives; in fact, in comparing them with those of other regional authorities elsewhere one finds that they are among the most comprehensive. Nevertheless, on closer examination it is found that only certain specific fields are placed directly under the responsibility of the Corporation. These have to do with electric power, water, land reclamation and the conservation of soils and of forest resources. In other areas the role of the Corporation is rather that of cooperating with other agencies and persons more directly involved.

The broad scope of its charter would have enabled the CVC to attempt to prepare a general, all-inclusive plan of development for the region. However, we had neither the men, nor the money, nor the time to proceed on that basis. Time was of the essence in a situation such as ours, where we were behind on the most essential needs and where population is increasing at annual rates of  $3\frac{1}{2}$  per cent in the country as a whole, of  $4\frac{1}{2}$  per cent in the region as a whole and of  $8\frac{1}{2}$  per cent in its main city, Cali. Considerable efforts are required as may be well imagined, just to keep up, let alone to bring about a much needed improvement in the standard of living.

We therefore selected some vital sectors, such as power, and in those we of course made careful engineering investigations before proceeding to the selection and execution of a program. In power we started from so modest a base and had to satisfy so many elemental requirements that we have been growing at an annual average rate of 16 per cent, which means that capacity has to be doubled every five years.

As we begin to get a grip on some of these more obvious objectives, we are making a slow start at broadening our investigations and planning effort, with the aim of helping improve the direction of public investment by other agencies and of assisting private initiative in playing its part in the realization of the area's potential. In other words, we are just starting to take a timid look at what I presume is the proper sphere of a well-rounded regional organization in an advanced country.

Finance is, of course, the biggest headache in an under-developed country, particularly with reference to the financing of local currency requirements. There is no developed capital market and, anyway, prevailing interest rates are much too high for the financing of public works.

In the CVC's experience, we find that people are willing to make an additional effort on behalf of a regional organization whose works they can see with their own eyes and whose activities they can watch over and, if need be, criticize. The CVC was able to put through, with an overwhelming parliamentary majority, a special regional tax on real estate which it collects directly and disposes of freely. Power rates provide another case in point; this is a touchy subject in many Latin American countries because people seem to have established a connection between the term "public

utilities" and something that you should get free or very cheap. We have found that when we can explain our financial requirements to the people of the region, and what they mean in terms of further development, we can secure their support for action on rates. Our difficulties, in fact, have always risen with the rate-making authorities in the capital, because there the question often becomes involved with politics.

I have already mentioned that there is in Colombia a strong feeling in favor of decentralization. This does not mean that we are free from the great pressures towards centralization that are evident in the contemporary world, or that we are winning the battle. The governmental bureaucracy, as elsewhere, is reluctant to give up power, finance is governed from the principal centres (in our case, the capital) and the tax structure is such that the apportionment of revenues between the central government and the provinces does not bear any logical relation to the distribution of duties between them.

The establishment of a regional authority is a clear step in the opposite direction, as evidence of the belief that there are certain matters of primary concern to the region that can best be managed from it, by the people directly affected.

In the CVC we are also beginning to find that the regional organization can have a much broader impact in this respect. The concept of central planning has advanced further in a country like Colombia than in those of North America, largely under the prodding of international and foreign agencies and due to the need to allocate very scarce resources. At the same time, the planning mechanism and its tools are in their infancy and very imperfect.

A regional development organization, however incipient but going seriously about its business, is of invaluable assistance in such a situation to the central planning body and can command considerable attention for its claims. In general, a regional organization will be able to make a much more solid and cogent case for the region than its regular political bodies, especially if they do not enjoy a particularly high reputation for efficiency. In recent years the CVC has had the curious experience of obtaining approval in principle and in full for its national budget requests, and then seeing them whittled down somewhat by the region's own congressmen, so that they could take care of some of their own pork-barrel requirements.

Another verifiable result of a regional organization is the spreading out of development efforts within the region itself, in contrast to excessive concentration in given areas. This is simply a result of looking rationally at the whole instead of at only one part, often in a purely emotional way. I have mentioned that the principal city in our region has a terrific rate of population growth. In 1918 it had some 30,000 inhabitants. It now has 800,000. Some years back its citizens thought that this was an unqualified good thing and they enjoyed the thought of overtaking and surpassing other important cities in Colombia. Now, many of our efforts are directed at arresting this tendency and at promoting, to the extent of our resources, the growth of other population centers and the improvement of rural areas in the whole region.

In closing, I would like to mention one of the most attractive elements of a regional effort, that which has to do with the development of people. The large and often beautiful urban centres of Latin America exert a tremendous attraction for the country people; there is such an obvious contrast between the poverty and lack of all the amenities in the backwoods and the glitter, all too often deceptive, of the big city. Doubtless this same phenomenon occurs as between the main centres and the



less developed parts in this country. The saddest part of it is that those lured away are usually the ambitious youth, the professionals, the people who seek a carrer, the very individuals, in fact, whose leadership and effort is required to get the region moving. In the case of CVC, we have been particularly concerned about the need to train people at all levels and specially to provide professional men ample opportunities for involmment in technical problems of increasing complexity. Whereas a few years ago any important engineering study had to be contracted out of the region, and often out of the country, we are now carrying out all our engineering work, often of a highly specialized character, in our own offices and with mostly our own men, and the assistance of a prominent Canadian consulting firm. The regional authority can thus be a breeding ground, perhaps irreplaceable, for the leaders of the future in all walks of life.

I started out by saying that our beginners' experience in Colombia does not hold any lessons applicable to a complex and advanced society. But perhaps it does serve to demonstrate that, although we are poles and many decades apart, the regional approach to development does have great validity under the most diverse conditions.



CASE STUDIES IN REGIONAL DEVELOPMENT  
UNITED KINGDOM, SCOTLAND, EAST KILBRIDE

by

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The United Kingdom economy is a colossal and complex subject. Its regional development is vast and varied. To cover the whole field in detail in half an hour would be impossible, even for one better versed in it than I.

My intention therefore is to give only a brief and general outline of the U.K. national picture, followed by a closer look at the problem in Scotland and finally a more detailed examination of the new town idea and particularly the new town of East Kilbride.

Since the war Britain has prospered. This may seem a surprising statement in view of the widely publicized balance of payments crises which occur from time to time. True enough, the growth in Gross National Product and in exports has been slower than elsewhere in Europe. There is however, no doubt that the vast majority of the British people now enjoy a far higher standard of living than ever before. In real terms, family incomes have increased since the war by more than a third. "The affluent society", as it is commonly called, is perhaps an exaggerated description, but it is certainly true that real poverty, as seen in most other countries, has been almost eliminated.

At the same time the heavy taxation required to meet the costs of the welfare state has not stultified free enterprise. It is true that the wealthy and middle classes generally have a less privileged position than before, but nevertheless great fortunes have been built up by enterprising individuals as in the past.

But this prosperity has not been spread evenly throughout the land. Whilst the southeast of the country and the Midlands have been booming, with high wages and full employment, other areas have suffered from declining industrial activity, unemployment and even de-population.

It would not be appropriate nor is there time to analyze the reasons for the balance of payment difficulties in any detail. But since they are I think relevant to the need for planned development of the regions, a brief examination may be useful.

There is of course the severe strain first of all of holding an international currency at a more or less fixed rate of exchange - a strain which the U.S.A. also feels from time to time. There is also the repayment of our foreign debts - the funds we were obliged to borrow abroad to meet the fantastic costs of the war - and the ruinous depletion of our foreign investments for the same reason. It is interesting to note that before the war exports from Britain averaged only 66 per cent of the value of imports. Our exports are now valued at per cent of the value of imports. The fact that despite this there has been a disturbingly large outflow from our gold and dollar reserves in the past year, as in several post-war years, is a reflection of the decline in our "invisible" earnings. There is also the heavy cost of maintaining a standing army on the European mainland over the past 20 years - a political necessity which works to the advantage of Western Germany's foreign exchange and the disadvantage of ours. But the factors most relevant to the need for

regional development were the decline in some of our older heavy industries and the rapid post-war industrialization of the under-developed territories which once provided growing markets for their products.

Our older industries were founded on the natural resources of coal and iron ore. On these resources the great industrial areas of Wales, northeastern England and central Scotland were built up. They reached a zenith in the first World War. The depression of the inter-war years saw the beginning of the serious decline, with alarming unemployment figures. The Second World War was only a temporary stimulant.

The development of new materials and new sources of power inevitably meant some contraction in these industries. But the contraction has been greatly accelerated because in the under-developed countries, we ourselves have been helping finance industrialization. In the 10 years 1952-1961 there was a net outflow of over £1,000 million sterling in government grants and loans and private investment abroad. Although this investment and the consequent rise in living standards in the under-developed countries helped our more sophisticated exports, the industries established, such as steel plants in India, hit our own older industries quite severely.

Some new industries have been established in the areas most severely affected, but their growth has not occurred quickly enough to offset the decline in the older basic industries and to keep pace with the natural increase in population. Unemployment in the northeast, Wales and Scotland has therefore been almost twice the United Kingdom average since the war, despite emigration; in Northern Ireland unemployment was four times the national average.

The need to relieve unemployment has long been recognized as a social obligation and steps to achieve this have long been taken. One method used to secure the growth of industry in areas of high unemployment is the restriction of industrial expansion in areas where the economy is overheated and labour in short supply. The instrument is the Industrial Development Certificate, which under the Distribution of Industry Act, 1945, was made compulsory before any new factory or factory extension could be constructed. In refusing these certificates in the London or Midland areas, the Board of Trade aims to persuade the firm needing additional productive capacity to create it in areas where it is most needed and will, it believes, flourish as well or better.

In making the refusal, the Board's officers advise the applicant where the development will be permitted and provide him with all the necessary information about those areas. They will also arrange a conducted tour of the areas in which he expresses an interest.

This device is useful in persuading the industrialist to widen his horizon and consider, perhaps for the first time, the possibility of relocation or establishment of a satellite unit. But the private industrialist cannot be compelled to build in any area chosen by government. The area concerned must be suitable for his purpose. No industrialist in his right mind will set up plant in an area where he cannot expect a reasonable profit. Even after all the vital infrastructure is provided from the public purse, it is

often essential to offer an additional inducement to enable industry profitably to move.

Under the Local Employment Acts therefore the Board of Trade was empowered to build factories in development districts, as the areas of high unemployment were known, to sell or lease on favorable terms. Loans and grants could also be offered to assist new industry, but on terms and in amounts which were not very clear or precise.

These steps were not entirely effective, partly because the finance available for them was limited to what the economy could afford for a purely social purpose (the need to relieve unemployment) but even more because of their lack of precision.

But it gradually came to be recognized that the need to do something about these areas of high unemployment to make full utilization of the resources of manpower and materials in these areas was a vital economic as well as a social need. The scale of inducements was therefore stepped up and the amounts and conditions clarified. The Local Employment Act of 1963 increased the grant available to concerns which provided their own factories to 25 per cent of the cost of buildings. It also gave the Board of Trade for the first time the power to offer grants of 10 per cent of the cost of acquiring and installing plant and machinery. The Finance Act following the 1963 Budget also introduced a new system of "free depreciation", allowing companies in development districts to write off their expenditure on new plant and machinery for tax purposes at whatever rate they chose.

The Financial Times published a table shortly after the 1963 Budget, showing how the eventual cost of the owner of an industrial investment totalling £1 million in value was in fact reduced by all these provisions to only £400,000.

The inducements to industry for investment in development districts therefore became very substantial.

It was nevertheless recognized that a great deal more needed to be done if Britain's full economic potential were to be realized. Early in 1963, detailed studies were initiated in areas of under-employment, to decide how much faster economic growth could be achieved. These regional studies were not preceded by a detailed national economic development plan. It was thought that studies conducted in the areas concerned would be more likely to reveal what was needed and what was feasible there than could be done from the centre. It was better to synthesize the regions' own plans into a national plan than to make the national plan first and simply dictate to each region from the centre the broad outlines of its future, leaving the region itself only to fill in the details.

The need for a national plan is nevertheless very real, both to eliminate the danger of wasteful competition between the various regions and to provide an orderly framework for the decisions required on the allocation of national resources among the many competing claims. The National Economic Development Council, "Neddy", established in 1962, considered individual industries, rather



than regions: its inception was perhaps the first step in the preparation of a national plan. The new Labour Government accords this national plan a higher priority than the previous administration. They believe both national and regional plans should be prepared concurrently and are setting up machinery to achieve this. Mr. McIntosh, who is very closely involved in all these new plans, will be telling you much more about them tonight.

Now I turn to central Scotland. This is a strip of country only about 50 miles wide and 20 miles deep, stretching from the Firth of Clyde to the Firth of Forth. It contains 75 per cent of Scotland's population and 90 per cent of its manufacturing industry. For the economic future of Scotland as a whole, the re-invigoration of this area is therefore crucial. In 1963, the Central Scotland Report prepared in the area for the Regional Development Plan asserted that the proposed program represented a more positive approach to regional economic development than any British government had yet attempted. Its central theme was the conception of growth areas chosen as potentially the best locations for industrial expansion. The development of these areas was to be fostered by providing for them all the infrastructure services needed by industry, such as communications, water supplies, housing and power. It was agreed that in these areas the special financial inducements available for industry in development districts should be maintained as long as the economy of central Scotland as a whole so required.

This was a fundamental departure from previous policy for special inducements. Initially they had been provided as a social measure in an attempt to alleviate the pockets of really heavy unemployment. As soon as they had taken effect and the rate of employment in the area had been reduced below a certain "distress level", the inducements for new industry or the expansion of existing industry had been withdrawn. In this way the limited resources available to finance the inducements could be applied from time to time where the immediate need was greatest. This was now recognized to be a mistake. Rather than try to persuade industry to develop in the worst pockets of unemployment, where other conditions might well not be suitable, it was agreed to concentrate efforts on the most attractive points within the general area of under-development, namely the growth points.

Investment on services was to be increased within the first two years from \$100 million Sterling annually to £140 million per annum, or over 11 per cent of the total public service investment in Great Britain. The government envisaged that for some years ahead the program for development in central Scotland would require about this proportion of a steadily expanding level of public service investment. The White Paper listed in some detail exactly how and where this money would be spent.

The Scottish Development Group, comprising a number of senior civil servants representing all the major government departments concerned, which had been instrumental in drafting the White Paper, would continue in being, both to phase and coordinate the execution of this development program and to extend their surveys to other parts of Scotland.

Eight major potential growth areas were identified, including the four new towns of East Kilbride, Cumbernauld, Livingston and Glenrothes.

Progress on the program was reviewed in September 1964 in another White Paper (Command 2440). In the short period covered by the review it was clear that the program was away to a good start. Public service expenditure for 1963-64 was already some £130 million. There had been a marked increase in approvals of industrial expansion and development, and actual employment in the growth areas had substantially increased.

The reduction in unemployment throughout the area was reflected in the number of notified vacancies unfilled. At the beginning of 1963 there were only seven such vacancies for every 100 persons wholly unemployed: by August 1964, the figure of vacancies had risen to 22 per hundred.

Industrial relations had been exceptionally good. The total number of working days lost in all stoppages during the period was less than one-twentieth of 1 per cent. Industrial production by the first quarter of 1964 was 9 per cent higher than in the same period in 1963.

Exceptional progress on new housing had been made especially in the new towns of Cumbernauld and East Kilbride, and in the latter town, the number of industrial firms had increased by 16 to a total of 79, of which 18 were expanding. We will shortly examine this town, where progress has continued to accelerate. But first it may be useful to outline the history of the organization of the British New Town Movement.

The new towns are perhaps the most striking physical development in post-war Britain.

The idea of such towns, planned as complete units, built for given populations, to provide all their needs for work and leisure, was conceived before the turn of the century. Private enterprise villages such as Bournville were founded nearly 70 years ago by industrialists interested in the welfare of their employees. Ebenezer Howard, a town planner and reformer, published a book in 1898 "A Peaceful Path to Real Reform", which took the idea further. He deplored the huge industrial centres where people were herded together in vast, unhealthy, overcrowded accommodations and advocated their organized dispersal to new towns, deliberately designed to preserve natural beauty of the countryside and a healthy environment, whilst giving full opportunity for work and leisure.

The first garden city, Letchworth, founded in 1903, and Welwyn Garden City, founded in 1920, both by private enterprise, gave practical expression to these ideas. Despite difficulties - particularly under-capitalization - both had grown into prosperous small towns by the late 1930's.

In 1944 Sir Patrick Abercrombie's Greater London Plan proposed that a series of new towns should be built about 30 miles from the capital to absorb people and industry from the overcrowded and war-damaged metropolis. Towards the end of 1945 the government formed a committee under Lord Reith to examine and recommend how a series of new towns could be established to further this policy of de-centralization from urban areas. In 1946 the New Towns Act was passed on the basis of this committee's reports. Under that Act, which has

remained substantially unamended, some 20 new towns have been designated and several more are proposed.

In brief, the Act provides that the responsible minister may designate any area as a site for a new town and may appoint a nine-man development corporation to plan and build it. The corporation members are part-time, but appoint a full-time general manager and all the other necessary staff of architects, engineers, lawyers, accountants, surveyors and administrators. The corporations have the power to acquire land and property within the area by agreement or if necessary by compulsory purchase. All the finance needed for the development of the town must be borrowed from the Treasury and is repayable over 60 years at full commercial rates of interest.

The new towns were thus created for the purpose of relieving overcrowding in the older cities. But they have been so successful that they have done much more than this. Even in areas of declining industry and high unemployment, they have attracted industrial and commercial development, not only from the parent city, but from far and wide. In East Kilbride eight of the factories are occupied by U.S.A. firms or their British subsidiaries; there are three from Sweden and one from France: the bulk of the remainder come from the South of England and the Midlands. Only 24 per cent of the new factory space is in fact occupied by firms who have moved out from Glasgow.

East Kilbride, 10 miles south of Glasgow, is the first of Scotland's four new towns. In 1947, the 10,000 acres designated for the purpose contained only a small village, three small factories, a golf course and the surrounding farms. The population was 2,400.

In 1950, after the preliminary planning, the first 68 of the new town houses were completed. By the end of 1964 there were over 11,000 new houses: the population was already 43,000, already bigger than such old established towns as Perth, Stirling and Falkirk, and it was rising at the rate of nearly 5,000 per annum. There were some 90 factories totalling nearly three million square feet, 120,000 square feet of new office space, 140 new shops, 13 new schools, 10 new churches, a new hotel, a bowling alley and ballroom, 500 acres of playing fields and three new public houses. The town is booming. In contrast with the rest of Scotland there is no unemployment. Good profits for industrialists and shopkeepers, good wages and a full and happy life for the town's people are the rule.

In short, here is a case where planned regional development is working well.

But how has this quite remarkable growth been achieved over a period when the surrounding area has been in decline, both of industry and population? Perhaps the answers to this question should first be summarized and tabulated:

1. The overriding importance of ample employment opportunities has been recognized. Industry and commerce are a town's life blood. Without them it can be a dull dead dormitory.



2. East Kilbride is well-sited and expertly planned. The town provides an attractive healthy environment for both employers and employed.
3. Communications by road, air, sea and rail to destinations at home and abroad, are good.
4. Fully-serviced levelled sites are prepared for custom-built factories, offices, hotels and other specialized buildings, which the Development Corporation can design and construct to a customer's specification. There is plenty of room to expand and no car parking problem.
5. The corporation itself builds modern standard factories, offices and shops to sell or lease to the businessman in a hurry for new space.
6. The government grant of 25 per cent of building costs is provided where the occupant owns the building. The 10 per cent equipment grant and tax concessions I mentioned earlier are available to all.
7. The remaining building costs can be advanced by the Development Corporation at reasonable interest rates.
8. Whilst there is no unemployment, there is an ample supply of young, first-class labour of all categories because only by obtaining work in East Kilbride can a man rent one of the corporation's excellent, highly subsidized houses. Employers can therefore advertise a house with the job. In the surrounding areas, housing is poor and scarce and unemployment high.
9. The future labour supply is assured by the youth of the population: the average age throughout the town is 26 and more than a third of the population are under 15.
10. The quality of the labour is high because there are in fact three filters: first, it is only the younger more progressive elements who are prepared to uproot themselves to seek a new life in a new town; secondly, the employer with a good range of candidates for every job, naturally picks the best; finally, even after the man obtains work in the town, the family is visited by the Development Corporation's housing staff in the existing home, and if there are good reasons to believe they will be bad tenants, they say, "Well, we're sorry, you're not up to our standard".
11. And finally, the control rests with an appointed board of experts, representing all shades of opinion, and controlled democratically by the elected minister of the Crown; they are not subject to the direct pressure of electioneering. They can, therefore, do what



what is right, in the long term, even though it might be extremely unpopular in the short term.

I had intended to describe the physical plan of the town for you, but in view of the time, I think we'll leave that out. I think I should just mention the importance of communication, the details of the locations, for these are among the most vital requisites for successful industrial development.

Prestwick Airport is only 40 minutes to the south and the Glasgow Municipal Airport is only half an hour to the north. The ports of Glasgow and Greenock are within half an hour and Grangemouth and Leith on the east coast are less than 50 miles away. British Railways run a road-rail express freight service, allowing goods to be conveyed to or from London overnight. The main motorway to the south is only four miles away, and a dual carriageway road is being built to connect the town with it.

Efforts are now being concentrated on commercial and office development to provide the needed diversity of employment. All the office space built or under construction has been let six months in advance of completion and arrangements have been concluded for a specially built office and computer centre which will employ 1,200 staff.

A town council was established for the first time in 1963 and such was the civic interest that over 70 per cent of the electorate went to the polls, more than double the average in Scottish Local Authority elections. The Town Council and the Development Corporation cooperate very closely together, one result of which is that local taxes levied by the Council are amongst the lowest of any industrial area in Scotland.

As in all new towns, the normal local authorities provide the usual services, roads, drainage, education, health, street lighting and so on. But in the early days the Development Corporation assisted in the financing of these and sometimes in their actual construction, so that the burden of the heavy expenditure falls eventually on the inhabitants of the new town, and not on the national or local taxpayer elsewhere. In other words, the new towns will be completely self-financing in the long term.

The inhabitants cover a wide cross-section of the social structure, from the managing directors of powerful companies to scientists, professional men and unskilled labourers. As in every community, there are malcontents: there is also a very healthy criticism of those in authority. But the great bulk of the inhabitants are healthy, happy and appreciative of their surroundings.

There can be no doubt, at least, that the increasing number of new towns in Britain is rapidly becoming a key factor in the regional development of the United Kingdom and the forthcoming upsurge in its productivity and prosperity, not least in stimulating a new attitude of mind, a new readiness to move with the times, and to work hard for the rich rewards modern technology can bring.

CENTRALIZATION OR DECENTRALIZATION  
OF ECONOMIC GROWTH?  

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by

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In choosing between a policy of centralization of economic growth and a policy of decentralization of economic growth, only one choice carries with it a responsibility for instituting an active program of specific measures. This is the choice associated with a policy of decentralization for the bulk of the present trends and forces are arrayed on the side of centralization. Centralization of economic growth apparently will continue willy-nilly as long as we ignore the issues between centralization and decentralization, or recognizing them, fail to act.

The natural course of events in relatively free economies apparently leads inevitably to patterns of centralization. Thus in the United States, we find about 70 per cent of the industrial employment concentrated in an area in the northeast having less than 8 per cent of the nation's real estate. Indeed, in all of the United States, only 30 per cent of the population still remains rural, and it continues to diminish, so that the centralization has taken an urban form as well as a regional one.

Why this geographic centralization has taken place where it has is open to interpretation. However, apparently the beginnings were the result of a combination of history coinciding with a natural endowment of abundant resources immediately usable in terms of the technology of the times. As has been observed by Ullman, once a concentration gets started, the most important geographical fact then is the self-generating momentum of the concentration itself. "A host of complementary activities and services is established, each helping the other in pyramiding the production process..."

Indeed, in the United States at least, certain activities in the public sector -- such as defense-related production orders and research and development contracts -- have been so distributed that they have tended to reinforce the present trend operating toward a massive build-up of certain metropolitan areas and regions and toward a persistent migration from large rural areas in interior United States. This has not been because of a deliberate public policy with respect to centralization or decentralization, but rather because the concern was exclusively with other more specific objectives -- such as joining traffic centers with improved highways which created more traffic, and satisfying defense production or space technology goals in the shortest time possible which could best be done in the big industrial centers which promptly became bigger. In effect, the absence of a policy of centralization or decentralization has tended to accelerate the trends toward centralization and the build-up of economic growth in the metropolitan areas, especially in the urban centers of the eastern, southern, and western rim of the country.

It should not be altogether surprising (1) that the past history of the United States has been marked by an absence of a firm or over-riding national policy on centralization or decentralization or (2) that more recently there has been a growing concern with some of the problems of centralization as well as with more positive policies and programs to assist decentralized growth.

Historically the number one economic objective in the United States, aside from survival, has been to get maximum wealth output or production. Admirable progress on this objective has been achieved through the organization and incentives of a private enterprise system which has been blessed not only with abundant resources but with a uniquely large and free market area. Market forces working toward maximum economic output have also worked toward geographic centralization. Success breeds success; and a community of activities spawns other activities. Public policy,

although directed to other objectives, has in effect reinforced the centralization tendencies of privately-motivated economic growth in two ways. First, a policy of least interference with market place operations has in effect favored centralization of growth. Second, public procurement, public research and development grants, and highways and construction of public facilities have generally followed rather than preceded growth, and have thus accentuated the centralization tendencies generated by the market place. There have been exceptional public actions -- such as reclamation of desert lands and opening of public lands, which have, it is true, caused some deliberate distortions of the pattern dictated by the market place. These latter actions have also indicated a latent public willingness to adopt more deliberate policies and programs in the interests of decentralization.

It is instructive to note that the relatively unfettered play of the market does not in reality produce an ideal pattern of maximized production -- even in its fundamental outlines. Presumably, as Soneblum and Kupinsky have pointed out in discussing geographic maldistribution:

"....business and its labor force will move closer to resources when it costs more to transport the resource than to transport the final commodity in which the resource is embodied."

However, they further point out:

"This, however, does not get us too far since it has not explained why population, i.e., markets, does not cluster around resource supplies -- thereby minimizing both commodity and resource transport costs. The answer is obvious: people are consumers as well as producers and as consumers they have preferences in respect to where they wish to live; preferences which may run strongly counter to residing in resource based areas. In the field of international trade, we have always known this: namely that people tend to prefer to stay in the country of their birth and if we want to improve efficiency in the world economy, one way is to use international trade to move commodities to people rather than people to the best production site".

Accordingly, even the basic structure of economic growth as sculptured by the forces of the market place does not rest on a bedrock foundation of efficiency. A substantial share of the structure rests on the sands of the desires and whims of impressionable and mutable people. Indeed, if we had had the ideal geographic production lay-out at one point in time, it would no longer be such at a later time since the forces of technological change, shifts in consumer preferences, and resource depletion would soon make this lay-out less than perfect.

The lesson we are declaiming here is that the production pattern we are examining is already substantially imperfect as a machine, and never pretended to the other possible tests of its adequacy and worth -- such as esthetic appeal, general livability, opportunity for development of the individual, or spiritual inspiration. Thus, there is no compulsion for regarding the present distribution of economic activity with even the same degree of ideological reverence that we might accord a trouble-free, noiseless washing machine.

If the basic distributional pattern of centralized economic development as it has grown under the stimulus of the market place is an imperfect compromise between machine efficiency and human yearnings, certain parts of that pattern have



developed so that they do not respond very well to the objectives either of maximized output or human accommodation. Apparently, somewhere in the process of national economic development, centralization begins to create its own problems. These problems include congestion and mounting social costs in the large urban centers, and in the regions include adjustment to the chronic unemployment created by declining industries which, in turn, have been affected by changes in markets, supplies, consumer tastes and technology. Furthermore, the pall of poverty hangs over both situations -- in the core areas of our central cities which epitomize the centralization processes and in the outlying areas where the economic production functions have broken down and people are economically stranded. Fortunately, these types of problems manifest themselves in the later stages of the centralization process, when the economy has developed a certain maturity and capability for adjustment and for achieving other objectives than those concerned solely with economic growth.

Given the problem of the central city with its congestion, high social costs and poverty pockets, and given the problem of the economically-stranded outlying areas, what should be our approach to them? Is there a case for a policy of deliberate decentralization through intervention into market processes? And if so, to what length should this policy be pursued?

At this point, there is the great temptation to solve, through one convenient swoop of logic, the problem of stranded or laggard regions by declaiming that the unfortunate inhabitants of these regions should migrate to the congested areas.

The out-migration solution ("taking people to the jobs") ignores the fact that out-migration from established areas, unlike the evacuation of a lumber camp or a military base, is never complete, and simply serves to aggravate the ultimate problem of adjustment. This is so because voluntary migration is selective, favoring the young, the well-educated, and the skilled. This tends to reduce the quality of the labor force remaining in the redevelopment areas. What is left tends to become a pool of obsolete skills. Community facilities in these areas become underutilized, while in the areas receiving migration the existing facilities and services are often inadequate to withstand the new strains, and must be expanded at ever-increasing costs.

In view of the universal tendency that has existed until comparatively recently among academicians and theorists to define away the stranded and lagging area problems through an unrealistic evacuation solution, it is surprising that no basis of economic facts for this solution has been revealed. On the contrary, Professor Klaasen of the Netherlands has constructed a model which shows the circumstances under which, from the viewpoint of purely economic criteria, investment ought better to be directed elsewhere than to the congested urban agglomerations which are the visible temples of centralization policies, articulated and unarticulated. In his model, Professor Klaasen has simply included the social costs of investment with the private costs. On this basis, new investment, which would from the viewpoint of private costs alone locate in a congested area, might better be located elsewhere. As Meyers pointed out, "There are circumstances under which a dollar of social expenditure on subsidy to entrepreneurs to locate outside an agglomeration might save more than a dollar in social cost in a congested urban agglomeration".

Of course, the historical realities have been that even purely public activities have not been planned or scrutinized from the viewpoint of the Klaasen model. In effect, through a system of subsidies with respect to mass transit, thruways, slum clearance, housing, and the like, government has actually fostered private investment in congested areas, even when on purely economic grounds of total

costs -- private and social -- such investments may not have been warranted.

Any review of the problem of centralization or decentralization of economic growth, indeed any proposal to solve the problem of stranded areas through complete evacuation, must examine what people want -- particularly in democratic societies. Again, it is surprising that we have such little factual knowledge of this crucial aspect of policy formation. Fortunately, there has been some statistical sampling of the views of people with respect to migration and job opportunities. The Survey Research Center of the University of Michigan in a survey conducted for the Area Redevelopment Administration (The Propensity to Move) made the following interesting findings:

1. Level of income appears to have little influence on rate of mobility. Education and age are more strongly associated with mobility rates in all types of areas than the fact that one is rich or poor.
2. People in the more prosperous areas are no more loyal to their homes and associations than people in the less prosperous areas. Asked if they would prefer to stay in the area they now lived or move away if they could do as they pleased, more persons in the relatively prosperous areas (20 per cent of those queried) indicated a preference to move than did persons in areas officially designated as depressed (15 per cent).
3. Certain factors affecting mobility were found to prevail even in the face of strong economic motivations. In this respect,

"The relation between mobility and the location of relatives is significant. The probability of moving increased if people are living at a distance from relatives. Nine per cent of redevelopment area residents having no relatives living in the same area moved during the year following their first interviews. If some or most relatives lived in the same area, only 3 per cent of the heads of families moved during the year. Other parts of the country exhibit an even greater differential in mobility rates -- 16 per cent in the case of (those having) no relatives living in the area compared to only 1 per cent of those who had most of their relatives living in the same area".

There is evidence that these ties to the home area persist even after economic considerations have caused out-migration. During heavy employment lay-offs in the cities, migrants from East Kentucky and West Virginia to such manufacturing centers as Detroit and Cleveland are observed streaming back to their home areas in automobiles bearing West Virginia and Kentucky license plates and an overload of household possessions.

Even many of the highly trained and educated have this preference for the land of their youth. Maine, which is not distinguished for the climatic amenities that attract people to California and Florida, surveyed former residents who were engineers and technicians about their desire to return to Maine. Nearly 2,500 of those surveyed indicated a desire to return to Maine if job opportunities similar to

those they now enjoyed became available to them in their home state. In another survey at Bowdoin College, Maine, 70 per cent of those graduates indicating a choice preferred Maine over all other locations -- national or international -- for permanent residence.

It has been necessary to document a fact that is perhaps taken for granted in European countries. The United States, however, is known as a nation of unusual mobility, and it is sometimes necessary there to be reminded that this is only a relative phenomenon, and perhaps a diminishing one as a nation matures. At any rate, even in the United States there would appear to be a strong popular support for a policy of decentralized growth at least to the extent that the alternative is further and further centralization.

Hence it is appropriate in this stage of his country's economic development that President Johnson is bending his personal energies and his program toward the ideals implicit in the phrase, "The Great Society". Material welfare and economic growth are still regarded as basic and essential to the realization of a fuller life for all; but the policy emphasis is more encompassing than in the past.

Thus, in the economic development process, it is perhaps natural that we come to a period when broader national objectives embracing the full reach of human development and achievement are singularly appropriate. These objectives, it is the contention of this paper, find their best expression in a policy of decentralization and regionalization. The public mission, it would seem, is to guide the pattern of economic growth so that the quality of life and that the opportunities for human development and achievement are available as widely as possible.

In a nation as diverse as the United States it is particularly fitting to build on the diverse nature of the country -- diverse topography, diverse climates, diverse resources, and in spite of a common market and common heritage, a diversity of attitudes and viewpoints that keep a democracy live and responsive. Nurturing the viability and the essential integrity and pride of the regions perhaps has unique corollary values. How better insure against the dangers of stultifying uniformity of view, customs and values than through a variety of environments. Perhaps a wider and more fruitful range of ideas and inventions are more possible of stimulation in diverse environments. Certainly the opportunities for leadership and active participation in organized activities are more accessible under decentralized, as against centralized, conditions. Many little ponds give opportunities for more big frogs. The centralized environment may lead to the selection of the more outstanding, but it does not afford participation by the many. The star of a Broadway show is undoubtedly more talented than the lead in the Keokuk Little Theatre production, but there are more Keokuks. Nor need national advantages be sacrificed. With the improvements in communication and transportation it is possible to have the advantages of cohesion as well as diversity -- e pluribus unum.

If all these things are true, then why does not the relatively well-developed country embark on an unrestrained program to diffuse the quality of life throughout the land and make economic and participation opportunities equally available to all? The answer, of course, is that no country has yet reached that stage of resource utilization, technology and organization where its productive capacity is unlimited. With resources still limited, the function of a decentralization policy is to do the next best thing -- that is, to encourage and arrange those conditions under which the most effective diffusion of the quality of life and of opportunity can take place.



Thus we must still be concerned with maximizing output, but under a more deliberate policy of decentralizing economic growth and its benefits.

The broad outlines for a rational policy of decentralization seem to be developing. Such a policy in effect harnesses the efficiency and productivity of market place forces with an awareness of social costs and benefits, and supplements these forces with incentives and regional planning in order that an efficient and widespread diffusion of economic growth and its attendant benefits takes place.

Under this approach, decentralization is not undisciplined, nor are market place processes mangled. Public policy, actions and incentives, however, must be more deliberately assumed in a decentralization context.

Under this sort of policy, economic growth will be encouraged to flow into several lower tiers of urban size than the great agglomerations. The systems of regional and sub-regional development will pivot around urban centers which are sufficiently large to have a basic complex, or the core of a complex, of facilities, industries, services and amenities. This complex, which must be attractive and efficient enough to receive and provide quick accommodation for private investment, can be found or developed in urban centers down to a population perhaps as small as 10,000 -- although this will vary among different regions. This approach recognizes the market forces that have developed these urban or focal centers in the first instance. In addition, it recognizes the principle of limited public resources and the principle of external economies afforded when enterprises exist side by side and the center is large enough to afford a market for varied services and skills. Further, this pattern of nodal centers in regional and sub-regional systems promises hope to contiguous areas which are relatively non-viable and incapable of generating growth by themselves. Such areas will now have increased economic opportunities available to them within feasible commuting distances, obviating the necessity for inter-regional migration which many want to avoid. Furthermore, the outlying areas of these home regions when better linked by roads to the growth center have opportunities for development within themselves -- such as residential development, ancillary repair and other services, and those enterprises which need not be located in the nodal center or indeed may be better located outside it, such as recreation and resource-based industries.

Such a pattern of decentralized development as outlined here need not preclude areas with suddenly augmented growth potentials -- resulting from technological change or other stimuli -- simply because they do not contain a growth or accommodation center. Where the prospects warrant it, public policy should encourage new towns as apparently is the policy in some Western European countries. The concept of a growth or accommodation center within a regional system of development should provide the geographical pattern which will at once facilitate maximization of national economic growth as well as diffuse the quality of life and greater opportunities for the individual, wherever he may be located. Further, such a pattern has the virtue of preserving the values of diversity and regional uniqueness.



SHAPING THE REGIONAL DEVELOPMENT PROGRAM

by

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## General Concern For Development

Our present concern for securing economic development in a nation should be directed to the determination of the kinds and amounts of investments needed to develop the human, physical and economic resources to obtain over time the desired (a) increased levels of real income per person in the labor force, and (b) progress toward attainment of comparable real returns for the economic use of equivalent factors in all areas and regions. The planning activity is concerned with those things that can be done to create additional economic activity that would raise incomes in line with productivity, and provide jobs for the labor force.

Changes in technology and accessibility, as well as differences in resource-mixes, have resulted in differential economic growth rates among areas and regions of the more industrialized nations. Such technically mature countries must develop policies and programs to secure the optimum economic growth in all regions commensurate with the resource use potentials, the present and expected labor force, accessibility, and the feasibility of making public and private investments.

Public concern for planning for investments and activities to achieve a relatively more equal growth rate among regions and sub-areas of regions is necessary to correct the disparity between relatively undeveloped and highly developed regions. The people in underdeveloped regions frequently lack purchasing power, technical skills, educational achievements and managerial experience. And these are the important ingredients needed by the human agent as a structural underpinning for full participation in a growing economy. The private sector cannot be expected to shoulder the major burden for assisting those in the lagging areas to make the transition necessary to become fully productive in our highly capitalized, technological, and market oriented national economies.

It is recognized that all regions, states (provinces) and sub-regions cannot grow at the same rate and in the same manner. Optimum economic growth of a region and its sub-regions are limited by its resources, the outside capital that can be attracted to the region, its spatial location with respect to access and trade, and the willingness of government at all levels to commit technical and financial resources necessary to accommodate the needed and desired growth. Public planning and investments would likely result in less than the potential growth for a region, if the accepted mode of operation is to create new jobs "in place", and investments (grants and loans) are made on a project by project basis. We should be concerned with securing an understanding of the bases for, and the structuring of, existing growth areas within major regions.

## Changing Role of Government

Since World War II, we have witnessed a change in the role of national governments with respect to assuming responsibility through fiscal and monetary policies for the development of policies and programs that attempt to achieve an annual rate of national growth that would (1) provide employment to the (a) unemployed, (b) underemployed, and (c) annual increases in the labor force; (2) raise minimum levels of family income to desirable levels so as to eradicate poverty; and (3) enable industry to secure the needed modernization

to be fully competitive in international trade. In the United States, programs have also been designed to create additional economic activity in lagging areas and to help unemployed and underemployed to share more fully in national economic growth. \* These programs have been developed mainly for the people and those areas in the United States that are not sharing adequately in the national economic growth and development.

In addition to the above-mentioned legislation, legislation has been enacted for the purpose of securing a more rapid rate of national economic growth and higher employment. \*\* Also, there is evidence of an active interest by the Congress in developing a comprehensive national employment and manpower policy.

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\* For example, the enactment of the Area Redevelopment Act in 1961; the Accelerated Public Works Act in 1962; the Manpower Development and Training Act in 1962, and amended in 1963; the Vocational Education Act in 1963; and the new resource development authorities in the Food and Agriculture Act of 1962; the comprehensive package of tools to fight poverty contained in The Economic Opportunity Act of 1964, and the proposed Appalachian Regional Development Act of 1965. In addition, the Congress is considering an extension of the Area Redevelopment Act of 1961.

\*\* For example, legislation authorizing tax credits on new investment by industry, more rapid depreciation rates, reductions in the income and some excise taxes, and the training and relocation assistance under the Trade Expansion Act.

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\* In this general concern for achieving a viable national economy, specific policies and programs have been developed to stimulate economic growth in our lagging rural areas.\*\*

In cooperation with the Federal government, state and local governments are increasing their participation in planning and developing programs to stimulate regional economic and social development.\*\*\* There is an apparent trend away from national development programs that emphasize the project by project, or local develop approach in the absence of comprehensive regional development. Such regional economic planning and development activities are now underway in many other counties.\*\*\*\*

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\* U. S. Senate, Committee on Labor and Public Welfare. Toward Full Employment: Proposals For a Comprehensive Employment and Manpower Policy in the United States. 88th Cong., 2nd Sess., April, 1964.

\*\* For example, the enactment of the Area Redevelopment Act, May 1961; the Accelerated Public Works Act, September 1962; the Food and Agriculture Act, 1962; and the Secretary's Memorandum No. 1448, Revised, U. S. Department of Agriculture, June 16, 1961. The Secretary's Memorandum set up the mechanics of the Department's Rural Area Development Program. Supplement No. 1 to the

Secretary's Memorandum No. 1448, September 8, 1961 indicates the delegation of responsibilities under Public Law 87-27. The Department's Rural Area Development Program is much broader than the delegated activities in the designated 5 (b) areas authorized under PL 87-27. Although the USDA-sponsored Rural Area Development program is concerned with the total economic development of all rural areas, the Department must rely on the programs administered by the other Federal agencies for the full development of rural areas.

\*\*\* An excellent example is the proposed Appalachian Regional Development Act now before the U. S. Congress. This regional economic development program was initiated by the Governors of the 11 Appalachian States. The purpose of the Appalachian Regional Development Act of 1965 is "to provide public works and economic development programs and the planning and coordination needed to assist in the development of the Appalachian Region". This program, if enacted, will be a Federal-State program with active participation by each party. In addition, active participation is expected at the local level through local development districts.

\*\*\*\* For example, see OECD Documentation in Agriculture and Food, No. 66, Regional Rural Development Programs with Special Emphasis on Depressed Agricultural Areas Including Mountain Regions, August, 1964. Also, see Leo H. Klaasen, Programmes For Area Economic and Social Development, Preliminary Paper, Frame of Reference OECD Document MO (63) 11, Netherlands Economic Institute, Rotterdam, February, 1964.

### Structuring the Regional Economic Development Program

Increased professional concern with regional development is based on the premise that there are significantly underutilized resources--primarily human--in many areas of a nation, and that efforts at regional development planning will result in a more efficient utilization of the nation's resources and higher rate of income growth than would otherwise be achieved.

In recent years, techniques have been developed and are now being further refined that give quantitative answers to specific questions concerning the nature and extent of investments to carry out alternative sets of development program activities for given regions. Greater recognition should be given to our increased understanding of regional analysis, and the importance of such analyses for developing the criteria and guidelines for the development and conduct of regional economic development programs. Given a particular region, the comprehensive and coordinated regional planning approach yields an excellent and workable understanding of regional economic, demographic and social trends, its problems, its needs, and opportunities for development.

A major challenge for those at the state (provincial) and local levels is to organize for development on a regional rather than the local level by recognizing (a) the complexity of the economic development process, (b) the need for a broad resource bases, and (c) the changes in the regional environment necessary to attract the amounts of endogenous and exogenous investment capital that would result in the creation of new activity that would accomplish the employment and income goals.

### Surveying The Region

Prior to developing and carrying out a comprehensive regional economic



development program, it is necessary to determine the region's (and sub-regions') resources, obstacles, and potentials for growth. This objective requires detailed studies of all important economic sectors of the region. In the process, such studies will enable the regional planners to secure the needed understanding of the structure of the regional economy. Besides learning about the functioning of the regional economy, the interrelationships of the economic activities within and between contiguous regions, a determination of the economic growth activities can be ascertained based on changes in the nature and extent of (a) employment, (b) capital investment, and (c) value added in manufacturing.

Studies of the region by sub-regions are needed to determine changes that have occurred in recent decades that are relevant to development planning, e.g., changes in population, employment, income and industry. Such studies, when incorporated with the sub-regional studies to determine the nature and extent of natural, human (level of education, manpower skills, etc.), and economic resources, as well as the present development of infrastructure, public facilities, community planning, and ability of communities to keep finance development activities should provide the bases for ordering the growth areas by their expected development potentials. This knowledge would indicate the direction that the planning enterprise must take; suggest the limits to which planning must be adjusted; and help to identify the potential areas for economic growth.

Comprehensive studies of the region will also give the needed insight with respect to the differential roles of public and private investments, as well as the nature and extent (including the sequential timing) of such investments. In some cases, public investments would necessarily have to precede private investments. However, the planning effort should also allow for the accommodation of private capital investments to be made simultaneously with public investments. If the types of studies indicated above are sound, the region's role in national economic development will properly emerge, as will the emergence of the sub-region's role in regional development.

#### Sub-regional Delineation

Although the selected region may have a set of common problems, such as lagging growth, income and job needs, the region is usually relatively heterogeneous with respect to resources, growth centers (viable or potential viable nodes for growth), access facilities, and the like. In order to secure the full understanding of what can be reasonably accomplished, given knowledge of the resources and capital available for investment, the region will need to be divided into sub-regions for the purpose of developing specific programs and analyses of potential growth "pay-offs".

An important question that has eluded economic planners to date is concerned with what constitutes a proper region for planning. There is no standard answer to this important question because the proper region for economic planning depends largely upon the planning objectives. That is, planning for regional use of hydro power would encompass a different sized area than if we were planning for conservation of land and water resources. Furthermore, we would be working with a different kind and size of area if we were concerned with a reorganization of public school facilities, as compared with total economic planning for areas for the purpose of developing programs designed to raise real per capita incomes for those residing in the areas.

There are several factors to be considered in identifying and delineating the boundaries of economic sub-regions. First, the area must have a reasonable degree of cohesiveness, i.e., the borders should be well defined in terms of the locus of economic activity, and commuting to work should be primarily taking place within the delineated area. Second, the sub-region must have a sufficient resource base, both human and natural, to warrant expectations of self-sustained growth occurring. Third, the size of the sub-region will vary with the problems to be solved and/or the nature of the development program. This process places emphasis on urban-industrial complexes, for such nodes of economic activity provide the basic foundation for the economic growth of areas. Increasingly, economic activity is becoming more centralized in major urban centers within a region and in smaller satellite (relatively urban) centers having easy access to major population places. Central and satellite urban centers can be considered starting points for delineating sub-regions for economic planning purposes, i.e., they exercise economic dominance over rural areas within sub-regions and the region.

The selection of a sub-region as a workable and meaningful area for economic development should involve the following spatial and economic considerations:

1. The kind, quantity, and quality of resources in the area and their relationship to the region, other (competing) regions and the nation.
2. Past and current economic and social developments of the area as related to regional and national trends.
3. Existence of forces, conditions and situations, which impede or can accelerate economic and social development of the area.
4. Alternative development opportunities for the area--agricultural and nonagricultural--showing type and quantity of resources required, whether they are available in the area (if not, where available), market potentials for products and services. The selected alternatives should be related to attitudes, desires and abilities of the people in the area, and to economic development occurring in nearby and other possible competitive areas.
5. Spatial structure of major urban-industrial centers and their relationship to satellite or potential secondary satellite urban-industrial or urban-service centers.
6. Nature of transport network in the region with respect to accessibility of rural areas (small population centers) to large population centers.
7. Relationship of communications media flowing from major urban centers to nearby rural areas.
8. Potentials for integrating rural areas into the growing economies of accessible urban centers.

#### Program Planning Considerations

The determination of differences in economic conditions and resources

among the several sub-regions within a given region permits the proper consideration to be given to the spatial aspects of a comprehensive development program. Such aspects of physical planning as transportation facility and industrial site development, public facilities (e.g., water and sewer facilities), urban and rural renewal, etc., can be encompassed in the overall planning process and related to the needs of each sub-region.

Sub-regional planning facilitates a balancing of needs and potentials on a narrower geographic basis than national, so that consideration can be given to possibilities of short distance labor migration to correct imbalances in the employment structure. Thus, problems of unemployment may be amenable to solution within a geographic area sufficiently small to minimize the hardship and social readjustment that would result from a need for labor to migrate to the more distant current centers of employment opportunity.

An important consideration is concerned with the prospects for rural areas to become closely integrated with the development of urban centers that can be industrialized and grow through the economic agglomeration process. Some rural areas possess the unique combinations of resources and locational factors that make them eligible to integrate successfully for economic development purposes. One of the biggest challenges to rural development specialists is to identify such areas, examine their resources and potentials, and conduct the needed educational programs that would develop a responsible citizenry to accomplish the desired goals.

A timely question can be raised with respect to the wisdom of guiding rural communities to secure isolated industries. There are many examples where rural communities have secured a single industry, e.g., a textile or an apparel plant, and have become captives of these isolated industries. Many isolated industries have helped the unemployment problem in the local area in the short-run, but many such industries have proven very costly to the rural communities in the long-run.

Many sub-regions suffer from comparative isolation from markets. Other sub-regions have developed on the basis of extractive industries with no history of manufacturing and related trades and services. Such sub-regions may have other potentials for development provided certain other programs become effective for the region, such as a comprehensive highway development program featuring development and access highways that would open up the more isolated sub-regions. Also, the development of sub-regional vocational and training activities in conjunction with given types of industry expansion or new industry development would assist growth. Such programs need to be planned for the broader region, then tailored to specific needs of the particular sub-regions. The structuring of the regional development program should allow for a pattern of development to evolve over time for the major region in which each sub-region (sub-area) has its unique role which contributes to the full economic and social development of the region and the nation.

The proper planning approach may allow for the development of satellite growth centers having easy access to the presently large impacted urban growth centers in the major region. This could result if the proper plan for highway and related transportation is structured to accommodate the planned economic development. In this case, the highway program bringing rapid and easy access to relatively underdeveloped areas becomes the prime



means for development. Such development could range from complex industrial activities in satellite centers to major outdoor recreation and wood industry activities. I should like to emphasize that not all small areas have the potentials for such development, i.e., we should not expect a regional development program to bring needed new jobs to every place seeking these employment opportunities. Therefore, the job of identifying those growth and potential growth areas, as well as the growth activities in the major region, becomes crucial in regional planning.

One of the chief means for ameliorating underemployment, unemployment, and low incomes of the residents in underdeveloped areas is additional capital investments in new industries, public facilities and other forms, both private and public, e.g., the development of higher levels of skills and education among the labor force in the particular region or sub-region. Those in charge of developing the regional program need to know (a) whether or not the sub-region and/or sub-regions have development potentials; (b) the types and sizes of investments that are economically suitable for the underdeveloped sub-regions having different sets of resources; and (c) the effects of differing amounts of investment associated with the several proposed program activities on incomes and employment in the sub-regional economies.

The regional program should include all sectors of the region's economy so as to bring inter-industry relationships into proper focus because growth of the entire region needs to be considered. Considerations must be given to inter-area as well as inter-industry relationships. A fundamental analytical difficulty in regional planning is that a region is essentially an open economy permitting flow of capital, labor and commodities among areas of a nation.

The regional planning effort should answer two major questions from a public policy point of view, viz: (1) Is the task of raising incomes in an underdeveloped region worth undertaking in terms of economic costs and benefits? The ratio of investment to income should be known. (2) If the answer to (1) is yes, what is the most efficient way to accomplish the job, given the present set of conditions? In other words, if it is established that a sub-region is capable of sustained growth, in what direction should the economy move in order to achieve specified income goals with minimum capital requirements?

If the regional development program has a strong analytical foundation and is properly structured, it should provide knowledge about the following:

1. The amount of outside financing needed to meet the increase in income and consumption adopted as the targets for the given development plan;
2. The mix of new manufacturing and agricultural/forestry activities that would cost the least in outside financing;
3. The techniques of production to employ in those cases where alternative techniques are available;
4. The amount of technological change required in existing sectors, especially agriculture and forestry;



5. The amount of labor by level of skill required for the particular development plan;
6. The amount of local capital formation that is required; and
7. Variations in the cost and content of the plan that result from varying the assumptions concerning migration.

An important policy instrument for regional development planning is the coordination of both public and private investment decisions in order to assure that there will be simultaneous investments in interrelated and mutually supporting sectors. In addition, the programming effort should allow for testing the effects of alternative development policies.

Precise research tools are not available to aid in selecting industry activities for a particular region or sub-region. However, a reasonable set of industry activities can be selected on the basis of a general knowledge of a particular sub-region's economy, and as obtained from the analyses indicating economic opportunities and resources in the given area. However, it is possible that some suitable industry activities have been overlooked, in which case export earning potential of the area will be understated. Since this problem of industry activity selection is crucial, especially in the planning of underdeveloped areas, we need specific research efforts directed at the development of analytical procedures that would provide information for selecting industry activities suitable for development in underdevelopment areas.

One should keep in mind that for any region, or sub-region, success in securing additional economic activity in association with planned public investments will depend largely on the rate of national economic growth, the degree to which this growth results in increasing demands for labor, and upon the relative strengths of the locational forces leading to the centralization or decentralization of economic activity.

### Structuring the Regional Development Organization

There is a need for flexibility in structuring an organization for developing and carrying out regional planning. The exact nature of the regional development organization should reflect the needs and desires of the people in the region; the recommendations of all technical disciplines assisting in developing the regional program; the funds available, including those funds being expended for ongoing programs and those that are expected to be made available for accelerating the regional development activities. The organization for such development may be federal-state where the program includes several states, or it could be one of a regional nature including many counties within a state. Such a multi-county organization would usually need special state enabling legislation to give it the financial, technical and administrative powers needed to effectively carry out the development program.

The regional organization should have adequate representation to insure that the development program fully reflects the regional problems, needs and opportunities, not only with respect to internal development, but also, balancing the particular region with other regions. A successful program will require the coordinated efforts of all groups and individuals who can contribute to total development of the human, economic and physical

(natural) resources of the region. Prior to and after the development of the regional program, adequate recognition and provision should be made for the educational and organizational work (at the sub-regional and regional levels) continuously required if these underdeveloped areas are to be made truly operational and begin to achieve their potentials for economic and social development. The adult education activities should be concerned with the training and development of the kinds of local leadership necessary to insure program success.

The importance of securing an understanding of the regional and sub-regional problems, needs and development potentials for all groups at the local level cannot be stressed sufficiently. Too often, those at the local level who are in a position to assist in the program implementation cannot make the needed contributions because of lack of knowledge and understanding of the many highly interrelated activities of the comprehensive regional development program.

Those at the local levels who can contribute to investigations and studies should be identified and their full involvement secured. Such involvement ought to provide the basis for developing a region-wide information and education program related to the needs and development activities of the regional program.

The regional organization would need to be responsive not only to the area's needs, but also to national policies and programs for securing the needed accelerated growth. In general, the unique type of organization should be involved in the following:

1. Analysis of the economy of the region and its sub-regions and the particular region relative to other regions, for the purpose of recommending policies, programs and plans designed to enhance the regions capability to sustain its own productivity and growth, thereby providing for more jobs and increasing incomes.

2. Provide a source of funds, for loan and grants, to supplement and accelerate existing programs and to develop new programs, as necessary to do the needed job.

3. Design and promote (through private interests) the development of industrial, commercial, recreational and other job-creating activities.

4. Development and conduct of leadership programs at the sub-regional level.

It would be necessary for the regional development organization to have an adequate capability for: (1) Program formulation and evaluation; (2) Communication and liaison, (3) Supplemental and deferral financing, and (4) The conduct of demonstration projects, largely financed with public funds where the initial risks are high.

Provisions should allow for the creation of development organizations at the sub-regional and local levels. Such local development organizations should have capabilities similar to the regional development organization,

and should complement the efforts of the regional organization. This will require liaison, coordination and the development of the type of rapport among all groups necessary to secure optimum development. As indicated above, organizing for regional development should provide for the necessary coordination with all federal, state (provincial) and local agencies to insure the full utilization of their programs. Adequate representation of the sub-regional groups at the regional level would insure the full coordination and balancing of the development activities.

The need for a number of local, sub-region, and region-wide advisory and liaison groups to work with the regional and sub-regional development groups is evident. Some existing groups in the region can serve in these capacities. In some cases, the nature of organization of some of these groups may be improved through assistance from the regional organization for the purpose of securing better liaison and more consistency in liaison between the sub-region and the regional organizations.

The topic that I have addressed myself to is timely, controversial and complex. I have tried to limit myself to some of the practical considerations in shaping a regional development program that I feel should be given serious consideration in the near future. I feel that the regional development approach will become more widespread as we gain experience with the many new considerations and larger "pay-offs" inherent in this approach. I am confident that the more comprehensive approach to development will offer rewarding dividends to regional and national growth in the future.



THE INTERACTION BETWEEN ECONOMIC DEVELOPMENT  
AND REGIONAL ENVIRONMENT

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by

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It is only a few years since a sudden interest has grown for economic development policies. During most of the 20th century, the economy of the western world was concerned chiefly with problems of stability and distribution of income. The 1914-1919 inflation spell, the painful return to a normal situation during the Twenties, the great depression of the Thirties and, again, inflation during and following the Second World War were all periods during which governments tried desperately to keep their economies in a certain state of economic balance. Accordingly, from 1914 to 1950, they paid little attention to problems of economic growth.

As a matter of fact, the newly observed interest for economic development and its corollary, regional or community planning, have grown from the desire to assist under-developed countries in acceding to progress like the most progressive ones. It is only recently that the discovery was made, that even in the most advanced countries, large differences in income and prosperity existed between regions, which heretofore had not been suspected.

There are many reasons for this. First, the fact that these discrepancies are really a new phenomenon, typical of modern industrialization. Secondly, the phenomenon itself, which developed gradually, had not been seen for years, due to the lack of adequate statistical and other information on regional economies. Finally, from a theoretical point of view, it was regarded as unconceivable that such differences of situation could appear and persist, whereas in a country without internal barriers, free circulation of merchandise, men and capital existed.

Actually, not only marked differences originated between regions but they showed a tendency to aggravate themselves, in spite of all the social and economic equalization policies used by governments. One must necessarily conclude, from the experience of all western industrial countries, that the so-called automatic regulator did not achieve the desired degree of efficiency that was attributed to it.

These findings prompted both economists and political leaders to examine closely existing ties between economic development and physical environment. It was stressed in particular that, even in a country, homogeneous from a political and ethnic point of view, there existed big differences in productivity potential, through the influence of two sets of factors: physical (relative abundance of raw materials, distances, availability of means of communication, etc.), and human (size and density of population, mental attitude towards progress and work, professional qualifications, etc.).

Let us, in the following minutes, speak about these relationships between the conditions of economic development at the highest possible rate and natural and human environment. This will bring us to formulate different kinds of regional policies which could be implemented, depending upon the objectives, economic and social, that are bound to be chosen. Finally, I will briefly outline the new structures that are being set up in Quebec for coping with this problem of planning inasmuch as we want it truly democratic.

#### Aims of an Economic Development Policy

Every policy for economic development should try to attain the highest possible rate of growth, taking into account a certain number of fundamental balances: for example, the balance between supply and demand of labour, balance of external accounts, price level, income distribution between social classes or regions, etc.

From a territorial point of view, it is well known that the best way to realize this goal is to locate economic activities in such a way as to get the maximum global yield from a certain combination of productive factors: raw materials, labour and capital. Accordingly, this principle implies that all possible locations for any economic activity, be it a farm, a mine, an industrial plant, a bank or an hotel, are not equally advantageous.

Of course, a few activities ought to be located near their raw materials. For others, the main factor is the proximity of the market or the cost of labour. But in the modern world, more and more businesses are quite indifferent, from the point of view of location, so that one may consider that the maximum advantages would be obtained, when transport costs are minimized, these costs being applicable to raw materials as well as to finished products and workers of all kinds.

Based on this principle, one can easily spot, in the present world, a tendency towards concentration in communities already important. Indeed, the proximity of a huge market represents a sufficient reason for this, but, nevertheless, this tends to lose importance due to the fact that many firms enjoy a very wide market across Canada. Similarly, the labour factor, formerly decisive in all labour intensive industries, tends to be superseded by other factors, inasmuch as unions succeed in levelling wage rates between regions.

On the other hand, technological evolution tends to lure the modern large industries into the neighborhood of large cities, where a potential supply of technical knowledge and services of all kinds may be found more easily than anywhere else. Furthermore, large cities are at the crossroads of communication systems providing rail, highway and air travel facilities, which make it possible to carry out transactions and make personal contacts very easily (in a matter of hours), between the major business capitals: Montreal, Toronto, New York, Chicago, Winnipeg.

Mention must also be made of the fact that large cities also offer to high executive personnel, who have often had university training, a cultural environment which may not be found as easily in medium size communities. Moreover, if executives and highly skilled personnel come from abroad, the large city offers a cosmopolitan society which will make it easier for them to adapt themselves to their new environment.

Moreover, the concentration process already mentioned tends to be self-supporting inasmuch as, in the 20th century economy, a growing proportion of the manpower tends to enter the tertiary sector: trade, finance, transportation, professional services; these activities are attracted by large centres even more than the manufacturing industry.

The pattern just described does not evidently apply to all cases. There still remains a certain number of activities, which could preferably be located at some distance from the large centres, particularly in the field of primary industry. These activities, however, are often of a type requiring but little manpower.

Summing up, we might say that if the territory had to be developed from scratch, considering the part played by each industry in the total activity, the development policy would undoubtedly lead to a greater concentration than the existing one. The population would settle in a limited number of communities of fairly large dimensions, leaving a sizeable part of the territory unoccupied. From this observation,



one may conclude that in most countries some present low-production areas should never have been developed. This is particularly true in Canada, a country where transportation is a major problem owing to the low density of its population.

The Conflict Between Rational Development and the  
Situation Inherited from the Past

In practice, however, matters cannot be handled that way. Effectively we have inherited, at least in those areas settled in the course of the past century or two, a development pattern which in no way follows these rules.

As a matter of fact, territorial development was carried out extensively, in relation primarily to available lands. In a country such as Canada, this called for the establishment of agricultural populations, first in the vicinity of the large waterways, considerable areas being left unoccupied because they were unattractive. Thereafter, the population in the process of rapid demographic growth could not find the necessary outlets for its surpluses, except by going ahead with the clearing of new lands. Forest operations and, later, the development of mines, were to accentuate further the phenomenon of activity dispersion. Finally, there was the political desire of linking the two oceans as quickly as possible, which contributed to the abnormal expansion of Canada's settlements on a narrow strip of land next to the American boundary line.

It should be noted that for a certain period of time, inconvenience resulting from distances was reduced to a minimum, since prior to the organization of modern means of transportation, most economic and social activities were centered on the village. Farmers kept busy at polycultivation and were largely self-sufficing. Whenever they needed manufactured commodities, they could easily find them in the next village, where these were not only sold but produced as well.

As for secondary industry, it existed in the form of small size firms, where production was being carried out in a fashion related more or less closely to that of the artisans, and for a market covering a rather limited territory. On the whole, therefore, the need for transportation of merchandise and passengers was limited, as very few regions were really specialized.

Even though this development pattern may have practically disappeared, as far as new activities are concerned, it still underlies the whole economic-social structure. The emerging of modern large industry and the urban growth phenomenon have not, in fact, completely wiped out the more ancient set up. For instance, the main channels of communication still remain fundamentally consistent with this old pattern. Distribution of the social equipment: schools, hospitals and the administrative organization, still bears the mark of this form of development typical of the era preceding the advent of the automobile.

Therefore, it is not surprising that there should be a gap between these two patterns of development. On the one hand, we have a population still largely dispersed, in spite of some migrations and, opposite, a constantly growing tendency towards concentration of activities within important centres, depending on the free choice of business promoters.

This gap is especially noticeable in Quebec, where nearly the only centre which really derives benefits from new activities is the Montreal region, with the exception of industries engaged in the extraction and processing of raw materials originating from Quebec's territory. On the other hand, in formerly prosperous

regions, which are degenerating rapidly, the dominant characteristic unit of production remains the small old-fashioned firm with a low rate of productivity and a limited market.

### The Present Inequalities Between Regions

This duality of structure, existing in Canada in various degrees, as in other developed countries as well, is responsible for a lack of balance between regions, which has a tendency to grow larger. Older and remote regions with a low productivity rate generate low income. Thus this population cannot easily support important secondary industries, because it has but a low purchasing power. In addition, the necessity to supplement the family income forces the children out of school too early and this, in the long run, has a disastrous effect on the professional qualifications of the population. The lack of competent labour, in spite of a superabundant population, prevents business concerns from locating in these regions, and this results in chronic unemployment which, in turn, exerts a pressure downwards on the average revenue and the purchasing power.

This constitutes a kind of vicious circle which makes it difficult for the region to pull itself out of this degenerating process bearing on both its economic and social life. After a period of time, initiative and entrepreneurship tend to completely disappear, while a feeling of dependency takes hold of the entire population and leads it to believe that no answer can be found to its problems, unless some kind of favor is begged from superior governments.

At this stage, a question may be asked: How can such a situation last in a free economy? If no obstacles are permitted to interfere with the free circulation of merchandise, men and capital, should not any lack of balance between regions correct itself? Should the regions with low income and a surplus of manpower not succeed in attracting industries, which would contribute to increasing employment? On the other hand, already favored centres, which generally have a higher standard of living and higher salaries, should attract labour from peripheral regions, thereby contributing to the reduction of labour shortages in large communities. This double action should, in time, contribute to reduce balance differences.

Actually, it must be agreed that such a readjustment process calls for a mobility of factors which does not in fact exist. For one thing, as we have seen previously, it is no longer low salaries that attract modern ventures, but rather adequate sources of specialists of all kinds. On the other hand, people from depressed regions are often unable to change their residence, either for social or for economic reasons: for instance, a transfer would involve expenses which they could not afford, or their limited qualifications would predispose them to unemployment, even in those regions that are ready to receive them.

As a matter of fact, there are population migrations from depressed towards dynamic regions, but rather than alleviating the situation, this movement actually aggravates it. It is a well known fact that those who agree to leave their hometown forever are, in general, those with more education and who are most capable of initiative. There remains in the region, on the contrary, a high proportion of people with little education and ambition, or without any kind of talent, being thus choice candidates for unemployment. Unemployment insurance and unemployment assistance help prolong this situation, inasmuch as they allow these marginal workers to maintain a living standard undoubtedly low, but rather stable.

The inequalities which we have previously referred to, in addition to the human and individual problems that they raise, are responsible for considerable economic losses. Incomplete use of the available manpower, no matter what the cause may be, really constitutes a waste of human resources. Furthermore, the low productivity rate of workers in depressed regions prevents the national income from growing as rapidly as it could, if all productive resources were regrouped in a more rational manner.

Moreover, these losses are not fully compensated by advantages resulting from urban concentration. In fact, if the productivity of industries located in important centres is usually very high, over-concentration causes additional costs which must be borne by the community. Large cities must undertake important public works (subways, multilevel highways, tall and costly buildings) which are not required in less important communities. Besides, other expenditures become necessary as a result of social inconvenience inherent to large towns: prevention of delinquency, slums elimination, etc.

In conclusion, it can therefore be stated that the present tendency towards larger and larger regional differences is bound to create important economic squanderings, both in regions suffering from a loss of momentum (unemployment, low productivity, insufficient density) and progressive regions (massive social capital investments). The final result of this situation is that the public powers have to carry the burden of the operation and support, through their budgets, the cost of these inequalities.

The question we must now ask ourselves is whether governments will accept indefinitely to try and fill what appears to be a bottomless gulf, or will instead undertake some preventive measures through an adequate regional policy. In other words, why not try and prevent inconvenience resulting from inequalities rather than endeavor to correct them afterwards? Would not the sums invested in a preventive policy of this sort prove more profitable, from both human and economic viewpoints?

We can readily see that this type of approach calls for a governmental intervention of a totally different nature, capable of materializing in a territorial development policy.

#### Choices for Regional Development Policy

Governments may adopt several attitudes in regard to regional development, ranging from non-interference to severe control. Possible policies may be summed up to four, as follows:

a) A combination of non-intervention in strictly economic matters and regional development, and of intervention in the social field, to alleviate those regional differences which are most noticeable. A policy of this kind, which we know well, because it was essentially that of North American governments until quite recently, alleges that it cannot curb the urban concentration phenomenon but endeavors to assist, through social assistance measures, populations unable to find profitable work at home.

This policy offers maximum inconvenience, because in a way it is unable to rejuvenate depressed regions and, on the other hand, it is bound to jeopardize the growth of prosperous regions since these must fatally, through the medium of taxes, support the burden of the social transfers operation. The high productivity of dynamic regions is therefore partly annulled by the need to constantly subsidize low potential



regions. This necessarily bears on the growth of the national income for the whole community.

b) A policy of massive transfers of population, from remote areas towards regions best suited for the setting up of new activities and best provided with economic, social and cultural equipment. The logic of this policy would lead to the enlargement of vast metropolitan regions, such as Montreal and Toronto, which offer the broadest assortment of advantages, in respect to location costs. Here, however, obstacles of a human nature would be encountered, which are in no way negligible. Is it in fact possible, on the sole pretext of economic rationality, to uproot whole populations from places they have always known, and transplant them into areas completely unknown to them? Besides, from a political point of view, such an attitude would hardly be defensible.

It must be said, moreover, that this policy also implies certain economic losses such as a useless mass of investments in homes, public buildings, schools and roads. Furthermore, if this policy were to aggravate overcrowding in areas already congested, or the deteriorating of housing facilities in receiving communities, the final result of the operation, once all massive transfers have been effected, might possibly be the loss of all deriving benefits.

c) A decentralization policy, based on the present population distribution into areas already more or less densely inhabited. The basic principle of this policy lies in the transfer of factories towards the manpower supply, rather than the opposite. One can readily understand, in the light of what has been said previously on the trend towards concentration, that such a policy is not feasible unless strongly supported by the government, through advantageous loans, tax reductions, subsidies, etc. In a way, these public expenditures cannot be considered as pure loss. Indeed, in addition to replacing already approved disbursements for social transfers, they are meant to be the starting point of an autonomous regional development, which must normally emerge from the initial impulse.

The difficulty, here, is to know when to stop. How is it possible to distinguish ventures capable, once they are established, to grow by themselves, from those with no real potential and likely to stop once they are deprived of artificial assistance? Besides, what amount of aid can be considered as economic subsidy, and not as concealed social security?

Another result which may be anticipated, if one be logical, is to make each individual region more or less independent from all others, which can only be achieved through the setting up of relatively small production units. Effectively, regions of this type can only depend on the local market, relative distances from the large markets making it often impossible for them to compete with large firms.

Therefore, on a long-term basis, too great a dispersion of economic activities, while it may allow each individual region to attain a certain degree of prosperity, is bound to affect the national optimum by preventing the realization of mass production economics. This might be one way of preserving inter-regional balances, but it might prove detrimental to the global growth rate.

d) A policy to favor a limited number of areas, with special capabilities, with a view to re-establish a certain inter-regional balance. This is a compromise between excessive centralization and too severe a scattering of economic activities. The concentration of activities in chosen growth areas enables them to rapidly reach

a state of development where they become dynamic through their own efforts: Prosperity thus generated spreads from one sphere to another, more so as the population grows and creates a market which justifies new activities.

The success of such a policy can only emerge from governmental intervention, in order to prevent excessive concentration in large metropolis as well as to stimulate the regrouping in promising secondary centres.

A choice between the policies I have just outlined is not easy to make. After weighing all pertinent considerations, social, political or economic, a combination of two or three different formulas often seems to be the best solution. The important thing is to clearly see the economic implications of each and not consider as definitely advantageous the easiest answers or the ones most acceptable by the population.

Economic studies on the respective advantages of various types of location, in relation with the physical and human environments, are therefore a necessity. In regard with urban concentration, for instance, it is desirable to get a clear notion on the meaning of optimum dimensions. Too small a centre does not offer the complete assortment of various services that city must offer. Moreover, many services will prove too costly per capita, if the burden thereof has to be borne by too small a population. On the other hand, too large a settlement will gradually prove more and more costly, economically and socially, which indicates that, in this case, any tendency towards enlargement shall yield more drawbacks than advantages.

Once a fundamental choice is made towards regional policy, the question arises of how to apply it. It is evidently not sufficient that the government and the experts know exactly what the best answer is. They must be able to persuade the population that their solution is acceptable. From the start, it may be admitted that this is not easy, as the process calls for counteracting deeply-rooted habits.

Two conditions appear indispensable for the effectiveness of a regional policy:

a) First, the choice must proceed from a truly exhaustive inventory of the resources of all regions, one of the aims being the possibility to make comparisons between regions, as far as human and material resources are concerned. One cannot say that inventories of this kind are available everywhere. Yet, how can the respective vocation of every region be determined without this, and a policy established to ensure the best possible use of its resources?

b) A regional policy must also rely on the active participation of the population, for the drawing up of the plan for economic and social development. Inasmuch as the population concerned can influence the carrying out of the plan, either because it is composed of economic agents or because it can exert pressures on political powers, it must be conditioned to accept the proposed solutions. The easiest way to achieve this is to induce the population, at the very start, to discuss its own problems and to search answers to them, through the methods of community development.

This is not an easy way to follow, but one which is bound to yield greater results in the long run. It must be remembered that ours is still a world of market economy, wherein any individual is free to move as he pleases, change jobs, and buy wherever he wishes. Any regional policy has to take account of this basic observation.

## Planning in the Province of Quebec

Let me now leave these rather general considerations and deal more specifically with Quebec. The government of this province has not yet taken any official stand on the different choices already mentioned concerning a regional development policy. Yet, the present tendency towards concentration in Montreal region, whereas most of the other regions are either disintegrating or at least marking time, is bound to worry all those responsible for the economic well-being of the province.

Indeed, this issue is linked to a broader one, that is: the necessity of planning, in one way or another, the economic development of the province. A new body, created in 1961, the Quebec Economic Advisory Council, has been precisely invested with this responsibility by the government.

Even if we put aside the type of authoritarian planning that prevails in socialistic countries, there still remains many ways of doing planning. One can think of a plan as prepared by experts and then proposed to people who would implement it thereafter. Such a formula, in a country where decision making is decentralized, has the inconvenience of not determining precise relationships between the proposed goals and their implementation. Nothing, in this type of planning, is really binding for economic agents who act freely and do whatever they choose whether it is according to the plan or not. Thus, the only area where we can reasonably assume that there will be some implementation is the one which falls directly or indirectly under the influence of government.

On the other hand, one can conceive of a plan that would be set up by a governmental body, but after some kind of consultation with the private sector. This principle of joint responsibility in planning seems to be fully accepted in Canada, at the federal level as well as the provincial, inasmuch as most economic councils have a membership quite representative of the various interests in many sectors of economic life, both public and private.

However, one can easily understand that such a representation at the highest level is hardly sufficient, so far as the aim is to bring people from every region, not only to accept the broad goals proposed by the plan, but to act in conformity with them.

In a democratic country, a type of planning which seeks merely to set global projections and indicate the main priorities to be agreed upon by all, has every chance of being highly inefficient. For instance, it is not easy for anyone to find out where lies the public interest amongst the complexities of economic life and the many clashes of interests. On the contrary, at the local level, where problems are less complicated and more understandable, this seems to be easier. Moreover, it is possible to exert a certain influence upon individuals' behavior. But these required changes of attitude cannot be achieved unless people be associated with the discussion of all the problems of their day-to-day life.

It is on the basis of this assumption that we, in Quebec, are focussing our attention more and more upon regional planning.

Participation of the public to the planning process can be conceived of at different levels. As far as the Quebec situation is concerned, let us consider three of these levels.

First, the upper level, that of the Quebec Economic Advisory Council, which



has to check its own orientation and recommendations with leaders of the most important economic and social organizations.

At the other end, we find community development at the local level. The best example that could be mentioned is that of the Eastern Quebec Development Board. The particular benefit derived from this approach is a confrontation between experts preparing a plan according to scientific and perhaps sophisticated methods of their own, and the population already prepared, through community development, to discuss their own problems and deficiencies, in order to find out possible solutions. The merging of these two approaches is bound to give a final result much closer to the ideal solutions than any one of them taken separately.

At an intermediate level, there is a new kind of organization: the regional economic councils. These are purely private bodies bringing together three kinds of membership: local communities, like municipalities and county councils, then social and economic associations of a regional nature, and finally large companies. At present, there are in Quebec five or six of these councils, and one can foresee that in a near future, there will be a dozen or so of them throughout the province.

These bodies devote themselves to the study of regional problems and accordingly become pressure groups upon the provincial government. But there is a growing tendency to consider them also as participants in the planning process even at the provincial level. Being closer to people and more aware of regional peculiarities, they can indeed provide both the provincial departments and the Economic Council with information that statistics cannot give. Conversely, they can easily facilitate the implementation of provincial policies by convincing their own members to take advantage of such and such legislation in a way best suited to regional well-being.

## CONCLUSION

I have disclosed, in this already too long address, my own interpretation of the theme which was bestowed upon me: the interaction between economic development and regional environment. I have undoubtedly been biased by my training in economics and my prejudices in favour of macro-economics. Accordingly, I can hardly conceive of implementing regional development policies without having previously made one's own choice on specific goals of economic development. This necessarily will affect land-use, location of industry, exploitation of resources, etc.

Whether we choose centralization or decentralization, whether we lay emphasis on secondary or primary industries, any decision will finally lead to territorial policies which are bound to alter more or less extensively the physical setting as well as the population's behavior.

This is one of the reasons why we think that economic planning can improve the situation, its principal task being to show everyone clearly the eventual consequences of the decisions taken and implemented today.

PRIVATE AND SOCIAL CAPITAL IN REGIONAL DEVELOPMENT

by

Baldur H. Kristjanson,

Executive Director,

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The role of capital formation in promoting economic growth cannot be said to enjoy any broadly accepted interpretation.\* A similar lack of consensus exists in the matter of objectives of regional growth. It seems unlikely, therefore, that we will find any broad basis for an early agreement on the role of public as opposed to private capital in promoting regional development.

Nevertheless, it is probably useful to examine, in a marginal way, such experience as we have had in redirecting regional growth. The public sector in Canada has never been a completely passive agent and the private sector has shown some interest in assisting the community at large in dealing with some of the more obvious problems of regional growth.

To carry this but one step further, it can be said that the public generally is showing an interest in what might be done, through redirecting investment, to alter the economic and social climate of many regions that give evidence of a substantial development lag. This interest is heightened, of course, by the apparent increase in the ability of the larger cities to digest an increasing share of new economic activity. No one knows how far this will go. What we do know is that very real problems are emerging from the process. These are being identified and discussed in this conference.

In attempting to make a contribution to this identification, I am mindful that we have few guideposts in Canada that clarify the contours of what might be called a national policy of regional development.\*\* And I must point to the obvious - that a prerequisite to definitive judgment on the relative significance of private and social capital investment in regional development would be a generally accepted concept of the proper place of each region within the longer term national objectives.

If we are prepared to accept, for example, a continuation of the lag in development of the Atlantic and Prairie regions, national policy should support the trends of the past two decades. The Prairie Provinces and the Atlantic region would continue as slow growth economies in relative terms, supporting other regions of Canada through their capacity to export human capital and to earn foreign exchange for the national economy as a whole through the harvest of natural resources.

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\* The problems of measurement in themselves are far from solved. See, for example: Denison, Edward F., Theoretical Aspects of Quality Change, Capital Consumption and Net Capital Formation published by the National Bureau of Economic Research in Volume 19 of its Studies in Income and Wealth, Princeton University Press, 1957, pp. 215-284.

\*\* The Economic Council of Canada, for example, has not as yet had an opportunity to make its contribution in this area. It can be expected, of course, as time permits to offer its views. In its First Annual Review the Council pointed out that: "In this first year we have had to confine ourselves mainly to the over-all national conspectus and to broad national considerations. It has not been possible, as yet, to explore very far the implications of our analysis for particular regions and groups in the economy".



If, on the other hand, we are prepared to support a national development policy that promotes a commensurate growth of each of the regions within Canada, the question of the relative amounts of public and private capital required in the process could be re-examined in the light of the revised objectives.

However, in the absence of revised objectives, we might launch the present discussion on the minimum assumption that we want to give more direction to regional growth. I will take it for granted that we want a clarification of the functional relationships between regional growth and the attainment of a national society that not only recognizes the worth of each individual within it but so organizes itself that each individual finds reasonable opportunity to contribute in a meaningful way to nationwide goals of performance.

Beyond this we might sum up the objective of this conference as being one of making some headway with interpreting the stresses and strains within regions of Canada arising from the accelerated application of science and technology to the production of goods and services on a scale that challenges severely the available techniques of projection; that people - a very ordinary people - are being caught up in an accelerated rate of change and that, since people live in regions, cities, hamlets and homes, this onslaught of change must be understood in dimensions that apply to these units.

Within this statement of the problem, my particular effort is addressed to the role of private and social capital in making possible the kinds of adjustments desired. And, by agreement with those responsible for the organization of this conference, I will draw on our experience in Manitoba where applicable.

One further introductory comment should be made. Notwithstanding the inconclusiveness of available evidence on the probable impact of cybernation on manpower requirements in the not-so-distant future, the projected world of "non-work" has attained sufficient credibility to demand recognition in any serious projections of economic development. And it merits special attention in regions such as Western Canada where our Indian and Metis people are being urged to adjust more quickly to the existing standards of social organization and where a significant proportion of the population is employed only seasonally.

The concept of non-work keeps bobbing up in one's imagination because we realize that we may soon be looking for means of identifying those within our population best adapted to leisure as an "occupation". And it may be that our unemployed and underemployed will turn out to be best adapted to the emerging situation.

In our analysis of capital requirements for regional development, much depends on the assumptions we make in this regard. In Manitoba alone we have 50,000 Indian and Metis people who require enormous investments in education and training if they are to be fully integrated into present social organization. Would it be better to deepen the capacity of these people for creative leisure?

My position in this regard is that we should continue to assume that full employment in the production of goods and services will remain our goal for many years to come and that it is premature to identify likely candidates for continuous leisure. But I realize that this is a debatable position. It is a position also that makes heavy demands on social capital for investment in the human factor at an accelerated rate. It is a position, however, that facilitates an examination of the respective roles of private and social capital in promoting regional growth.

## Basic Questions

Having thus set aside the world of non-work, let us look at the kinds of questions that arise when assessing the role of private and social capital in regional development. Here I will focus on Western Canada and Manitoba in particular. The questions we are asking, it will be found, differ somewhat from those being raised in Ontario and, to a lesser extent, in Quebec. We have more in common with the Atlantic region in the sense that our principal concern is with achieving more rapid growth for the province as a whole rather than with space and location problems within the province.

Manitoba has completed recently, through exhaustive studies under the direction of the Committee On Manitoba's Economic Future, an assessment of its prospects for growth.\* While its conclusions were numerous, the guiding judgment was that, unless special efforts were made through an effective working partnership of labour, management, and government in stimulating significantly the growth of secondary industry in the province, we face serious unemployment or a loss of population. Employment in the primary industries will decline by virtue of increased efficiency applied to a limited resource base and growth in service industries is dependent upon a growing manufacturing and processing complex.

The Committee appeared to feel that the necessary growth could be generated through this partnership. Its main contribution however, apart from its technical findings, was to alert the public to the need for coordinated, cooperative and, in a measure, a planned effort. It concluded that most of the capital and activity required would, and should come from the private sector. Government was to create the climate conducive to flourishing private initiative.

But the Prairie market is not large and the Manitoba market is even more limited. Viable concepts of significant growth must harbor, therefore, the hope of penetrating markets outside this region in significant amounts. This, in turn, presupposes the successful application of technology to the end of making the region's manufactured products competitive. And it raises the fundamental question of whether the private sector with its preponderance of small firms can generate the investment capital necessary for the required technological advance. If it cannot do so, on what terms does the public sector invest in this area? Is the provincial treasury strong enough to make the necessary funds available or must we rely more heavily on federal expenditures?

Assuming that this form of investment can be made available, there is the allied question of who carries the costs of more advanced training of workers? How far should government go with in-plant training schemes and general educational up-grading of the population? Costs associated with these programs are growing rapidly, adding to the urgency for clarifying the respective roles not only of the public and private sectors but of the various levels of government as well. The fact that the main burden of education is carried by the individual provinces means that the "brain-drain" or the exodus of trained people to the more prosperous areas creates disproportionate problems. The Atlantic region, for example, has carried the educational burden for many years of its export of people. Ontario and British Columbia have been the main beneficiaries of the exodus of the educated from the Prairies and the Atlantic region. But there is also the disproportionate ability of the private sector within

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\* Report of the Committee on Manitoba's Economic Future, Manitoba 1962-75  
The Government of Manitoba, Winnipeg, 1963.

the main regions of Canada to invest in technology and training to contend with. The very large industries are already making enormous investments in this area. But many areas have no very large industries. We must ask the question, therefore, of how much of the burden of investment in technology and worker training can be carried by industries that are characteristically rather small and whose expansion on a significant scale is problematical at best?\*

What, indeed, is the interest of small to medium-sized firms in expansion when current operations are yielding a reasonable return to the factors involved? There is no conclusive evidence that existing firms could not persist and prosper within present scales of operation. Yet, the Committee On Manitoba's Economic Future found that the growth prospects of the province and of the region depend largely upon the expansion of existing firms. My view is that this expansion must be predicated primarily upon technological advance.

From the individual firm's point of view there may be no apparent and necessary relationship between its well-being and the growth of the region. On the other hand, from the viewpoint of the majority of people residing in Manitoba or any other region and hoping to find a productive future within its borders, an acceleration in the economic growth of the province or the region is required.

Within the less developed regions of Canada, therefore, the question of government investment in programs for economic growth is anything but academic. Any commitment to accelerated growth in these regions is likely to require accelerated government expenditures for activities which in stronger regions have been strongly supported by the private sector. In the main centers of economic strength in Canada there are enough large firms, given the necessary tax incentives, to carry a larger share of the costs of technological advance.

I said a few moments ago that the questions that concern people in the Atlantic provinces and the Prairie region so far as economic growth are concerned differ somewhat from those being raised in Ontario and Quebec. The underlying concern, however, is the same. This is the concern that the major cities in Ontario and Quebec, in the absence of redirected investment to the hinterland, will continue to attract such a large share of new investment that many regional economies will stagnate.

Unfortunately, we have little conclusive experience upon which to draw in Canada that would effectively guide a more balanced development. Within Manitoba, for example, we have had little in the way of decentralization of industry. The experience of the Atlantic region, while helpful and, to a degree, promising is yet to be fully interpreted. And, as suggested earlier, we have no convincing national policy to guide a more balanced growth of our regions.

So far as Manitoba is concerned, our immediate problem is one of finding ways and means of generating sufficient growth in the provincial economy as a whole. It is quite true, of course, the decentralization of industry, where feasible, is a goal to be pursued. But you can only decentralize an activity when it exists within your sphere of jurisdiction. And sufficient economic activity is by no means an assured outcome.

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\* Two quite excellent papers have appeared recently that examine the disproportionate functioning of regions. See: Renault, Andre, The Economic Problems of Quebec and Woodfine, William J., Canada's Atlantic Provinces: A Study In Regional Economic Retardation. Both papers appear in the paper-back edition of Economics: Canada, which is a series of readings edited by M.H. Watkins and D.F. Forster and published by McGraw Hill Company of Canada, second printing, 1963.



## Investment in Science and Technology

Two basic indicators of development lag in a region are:

(1) The underemployment of the labour force, and (2) the inability to maintain an employment pull equal to that of other regions. A measure of Quebec's development lag is the relatively high and persistent level of unemployment. The same can be said of the Atlantic region. In the case of the Prairie region, where there is relatively little unemployment at the moment, the development lag continues due to the region's slow growth in the labour force relative to more rapidly growing areas. Growth in employment in the Prairie region has lagged significantly behind the Canadian average in the postwar period.

Assuming that these disparities in regional growth should be reduced, one is tempted to isolate the controlling factor. I am tempted to do this, at least, in trying to assess the respective roles of private and social capital in development. In doing so it should be understood that I recognize the complexity of interrelated factors underlying growth phenomena.

Based on recent studies I will argue that raising the development rate of one region in relation to another will increasingly require a change in the relative amounts invested in science and technology from levels existing at any given point in time. By inference I am suggesting that the successful application of advanced technology is a controlling factor and that areas of rapid growth will be those which are able to invest heavily in this form.

\* My views on the need for public investment to promote more balanced regional growth are based on this position.

Given the industrial structure of Manitoba with a majority of manufacturing enterprises employing 15 persons or less; the significance of agriculture and other natural resources to its earning power, its geographic location with respect to major consuming centers and a number of other factors, the importance of an increasingly effective application of new technology is perhaps all too obvious. I admit readily, of course, that the growth prospects of other regions of Canada are also dependent upon the successful application of technological advance.

In the case of Manitoba, it has been estimated that manufacturing establishments employing less than 50 persons comprised 80 per cent of all manufacturing enterprises in 1961. "Manufacturing establishments with less than 100 employees comprised over 91 per cent of all manufacturing establishments and they accounted for over 47 per cent of total employees in manufacturing, over 41 per cent of salaries and wages and over 37 per cent of factory sales".

\*\* With this preponderance of small firms, the likelihood of investment in technology, on a scale commensurate with the need, is not assured by any means.

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\* An encouraging note for slow-growth regions was struck recently by Dr. A.D. Booth of Saskatoon. The Winnipeg Free Press, December 4, 1964, quoted him as saying that "engineering students at the University of Saskatchewan have built computers for a tenth of the cost charged by commercial American firms". He estimated that a good production facility could be established for about \$1 million.

\*\* Report of the Committee on Manitoba's Economic Future, Manitoba 1962-75, The Government of Manitoba, Winnipeg, 1963, P. V11-2-2.

The Prairie and Atlantic regions can boast of few major advances in the provision of facilities for the promotion of technological advance. Ontario, by contrast, is in the center of investment of this type. The Globe and Mail, for example, reported on September 15, 1964, that "The first unit in a \$100 million complex of research centers was opened yesterday by British American Research and Development Company at Sheridan Park, 20 miles west of Toronto". The same paper, a week later, reported that "The auto industry has been a potent spur to giving Ontario a more consistent and sustained business expansion this year than other provinces enjoy....". Ontario seems to be secure.

The large industrial complexes appear to have identified the significance of technology for growth. In this they are supported by such studies as those carried out by Edward F. Denison and Theodore W. Schultz.\* In each of these studies the contribution of knowledge to economic growth are documented in such a way as to establish their priority. Denison's estimates have been challenged in absolute terms but not in terms of their relative significance.

We can take as given, therefore, that economic growth in advanced economies depends in a significant way on the capacity to invest in technology and education. This is not to deny the importance of the endowment of natural resources. I would argue, however, that once the exploitation of natural resources has matured, as it has in most regions of Canada, the determining factor in economic growth becomes the ability to acquire and to apply the fruits of modern science and technology.

It is for this reason that I conclude that national economic development policy must make clear the national interest in the regional location, and investment in science and technology.

Capital investment for established products and processes is relatively abundant and mobile. Capital investment for new technology is a different matter. Therefore, if we assume that growth depends increasingly on investment in new technology and if we relate this to the existing structure and location of Canadian industry, it is reasonable to conclude that, in the absence of public measures to redirect investment, the larger centers of economic activity in Canada will eventually encompass most of the economic activity of the nation. Natural resource endowment is no match for the explosive potential of the mind.

Assuming that we do not wish to have all Canadians living in Vancouver, Toronto, and Montreal, is there a sensible approach to decentralization of economic activity available? Is there an economically sound approach to increasing the employment pull of lagging regions? I think so. To strengthen the employment pull of lagging regions in a sensible way, the methods used should be such as to strengthen the true competitive position of these areas. Merely pumping public capital into depressed areas in competition with existing firms in other areas is self-defeating. I feel the same way about special government subsidies designed to lure a factory to a particular location.

A more positive approach is available. This is to identify the technologic lag of each production process in Canada, and, based on this inventory, to assist

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\* Denison, Edward F. The Sources of Economic Growth In The United States, Committee for Economic Development Supplementary Paper No. 13, Committee for Economic Development, Washington, January, 1962, and Schultz, T. W., The Economic Value of Education, Columbia University Press, New York and London, 1963.

firms in adding to the total productive capacity in slow-growth areas where the application of the best known technology can be established competitively. At the same time, recognizing that massive public expenditures for science and technology will have to be made if Canada is to retain a favorable competitive position in the world, much could be done to bolster slow-growth regions by placing large amounts of this new investment in such regions.

In placing these investments the objective should be to maximize the creative potential of each region consistent with economic realities.

### Redirecting economic growth

Traditionally, both public and private sources of capital have provided the stimulus to economic growth in Canada. Public capital has been applied primarily to such areas as transportation networks, education, research, hospitals and public utilities. These have been minor excursions by government into manufacturing (as in Saskatchewan) and more recently evidence is growing that provincial governments may take a more direct hand in establishing major operations such as steel mills (as in Quebec) to accelerate economic growth. By and large, however, investment in plant and facilities has been handled by the private sector. This is likely to continue.

The particular pattern of growth that has resulted from this more or less free play of investment forces has left something to be desired, however, in terms of obtaining balanced regional growth. How far Canadians may wish to go in redirecting this investment flow is a moot question and I am not prepared to argue a definitive case in the matter. All I wish to suggest is if investment decisions are to be re-directed, the role of government gains relatively more prominence.

I base this on an agreement in principle with Professor Johnson's contention that most of the increase in productivity is likely to come from the application of more labour, knowledge, skills and improved organization for production. He demonstrates through Denison's studies that absolute increases in capital itself accounted for only a small part of increased productivity in the American economy in the past several decades.\*

It is true, of course, that large corporations make huge investments in science and technology. But I am concerned primarily with regions such as the Prairie region which can boast of few large corporations, and where investment in the primary ingredients of accelerated growth becomes very much a matter of how much the public sector is able to allocate to the development and application of advanced technology.

It is perhaps ironic that the most publicized contribution of the federal government toward redirecting investment has been to offer special tax incentives to designated areas whereby such areas could lure an additional factory or two. There has been no adequate recognition of the need to strengthen the comparative technological and scientific position of disadvantaged regions. It may be, of course, that the Department of Industry in Ottawa will turn its attention to this problem more fully.

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\* Johnson, Harry G; The Canadian Quandary, McGraw Hill, Toronto, 1963. P.P. 44-45.



Concluding Remarks

I would be the first to admit that I do not know the precise cause-effect relationships involved in explaining the phenomena of economic growth. I would suggest, however, that it is not a matter of conjecture that major regions of Canada have lagged seriously in the growth of the nation as a whole. It is not a matter of conjecture either that Canada is one of the most illogical conglomerates of economic activity on the face of the earth. It seems reasonable, therefore, to insist that an adequate nation-wide performance is likely to be achieved only when carefully structured regional policies for development are fashioned as a part of a national consensus of what the nation-wide performance should be.

I would suggest that, in the absence of compelling evidence to the contrary, we should undertake a purposeful redirection of capital allocated to technologic advance. At a minimum the Economic Council of Canada should be asked to: (1) recommend growth targets, region by region to 1980, and, (2) to specify the measures which in its judgment are required to meet these objectives.

In the meantime I would plead for less concern about leisure and more concern about how to get our unemployed and disadvantaged groups into more effective full-time employment. I would plead for less concern about a particular hamlet or town and more concern for the future of the people emerging from them into the mainstream of life. Within this perspective, substantial increases in public investment in science, technology and labour skill training are indicated.

I am quite aware of the stresses and strains on the larger urban and suburban areas; the need for planning and the need for a more rational distribution of employment opportunities within rapidly growing regions. I applaud any and all efforts made toward taking care of the affluent minority. My concern is that we design a national development policy that provides for rules of the game that recognize the reasonable interests of regions such as the Prairie region and the Atlantic region to prosper and to grow.

IS REGIONAL GOVERNMENT NECESSARY?

by

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For objective local government enthusiasts like us no factor is more important in regional development than local government itself. We might concede some ground to federal and provincial governments because of fiscal, monetary and commercial policies, and grants, and because of railways, highways, seaways and power systems. We might even occasionally ask for help in regional development. But once one gets beyond the broad national and provincial policies which often frustrate regional objectives in much of Canada, local government has a great deal of relevance to development. It provides almost all essential public services, from education to water supplies, and it has a great deal to say about land use in the community in which the firm and its employees work and live. For these cogent reasons those who develop are vitally concerned with local government, what it does and how it does it.

The impact of development is felt directly by local government. Demand for services, population and land use patterns are all affected and most jurisdictions are faced with serious adjustment problems given either economic growth or decline. But local government can do more than accommodate economic development; it can also to some extent encourage it through its authority to provide services and levy taxes. Unlike central governments, local governments can provide unspectacular but decisive day-to-day consultation and advice about the intimacies of the local environment.

These are some of the potentials in a developmental process as well as some related pressures. Unless we want to focus narrowly, what we must in fact do is look at local government in toto. We need to look at local government's potential in all its phases since all are relevant to development. We need additionally to look at local government in the broader and provincial and national context of development, particularly the recent regional orientation in federal and provincial policy. I intend to talk very broadly about local government and I expect my colleagues will refer to inter-governmental aspects.

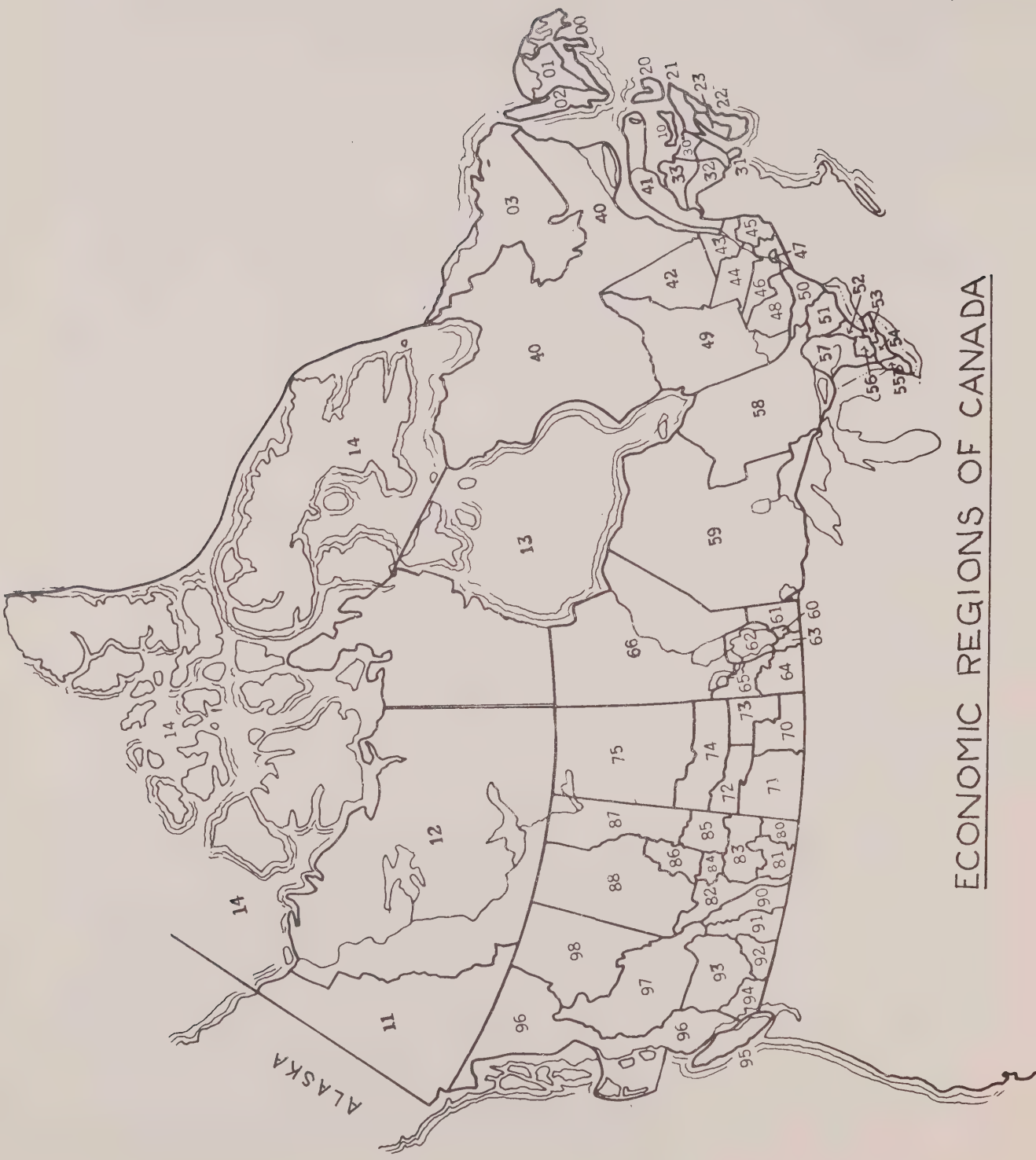
I must say that I am happy to continue my interest in local government and regionalism in the Ontario context. These subjects can be discussed and debated with little change in text from one end of Canada to the other. There are of course important differences in environment from province to province, based partly on social and economic forces, on natural resources and their development, and on the forces of history and tradition. And you may well find that my ideas have grown from a different soil. But the constitutional framework is similar and everywhere government is under stress simply because our society, in its social, economic and spatial aspects, will not stand still.

When we view the Canadian scene we see substantial changes in local government, either proposed or affected in the past several decades. The Province of Alberta has undergone a long period of adjustment in local government which appears to be in a state of dynamic adjustment (1). The process there began in the late 1930's and early 1940's with school consolidation and larger divisions of administration. This and the rural municipal adjustment which followed provided initially for larger scale local government and to some extent a focussing on strategic urban centres. Some 10 to 15 years later a process of integration began in the rural areas based initially on common boundaries for the school divisions and municipal districts and later on functional integration within the Alberta county. Unlike the Ontario

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1. Eric J. Hanson - Local Government in Alberta, McLelland and Stewart Limited, 1956.





ECONOMIC REGIONS OF CANADA

county, education and municipal functions are completely integrated. Transformation into counties is still proceeding in Alberta. A more recent development in Alberta is the regional planning unit which is in essence a federation of rural urban municipalities.

We have, then, in Alberta a good demonstration of adjustment in local government based on consistent goals regarding age and integration and a reasonably systematic process.

Saskatchewan which has many characteristics in common with Alberta - recently even political characteristics - began a similar adjustment process in 1947-48 with the development of larger school units (1). However, although several commissions and committees have recommended fundamental re-organization of the municipal system, little progress has been made. Large regional units for health purposes have been developed and there are examples of regional tendencies between school units in community planning, hospital services and recreation. There are in addition many types of inter-municipal bodies which have been developed in recent years.

Local government in Manitoba has undergone little change, apart from rather modest adjustments in education (2). But the recent Mitchener report proposed significant changes in local government for Manitoba including enlarged municipalities, enlarged school divisions and regional systems. The latter are extremely interesting since they would be the geographic basis for provincial field services, provincial-municipal functions and inter-municipal functions. Eleven such regions were proposed. As far as I know no action has been taken on these particular recommendations.

In Eastern Canada recent proposals have been made in New Brunswick by the Byrne Commission (3). As in other cases recommendations were made to expand the scale of local government and to emphasize urban development. The Commission proposed mandatory inter-municipal responsibility for some functions. Of course I should mention that the Byrne Commission did recommend the replacement of much of local government in New Brunswick by a series of provincial commissions. So I should say that what is left of local government is to be larger scale. Again we await provincial government policy in New Brunswick before actual changes are known.

The great awakening in Quebec has also encompassed local government. Its proposed reform of educational administration is much the same as earlier adjustments in Alberta and Saskatchewan. As I understand it the unit of administration is to be enlarged substantially. When we add to this the remarkable new proposals of the Parent Commission we can begin to visualize a regionally-structured education system. The municipal system has also received attention from the Quebec government and here too one can predict larger units and perhaps regional government.

In this sketchy review I have omitted reference to adjustments in our urban centres, and between these centres and rural municipalities. Here we have had the focus of economic development and, except for the very smaller centres, we have

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1. Local Government Continuing Committee - Local Government in Saskatchewan. Queen's Printer - Regina, Saskatchewan, 1961.
  2. Report of the Manitoba Royal Commission on Local Government, Organization and Finance, Queen's Printer, Winnipeg, Manitoba, 1964.
  3. Report of the Royal Commission on Finance and Municipal Taxation in New Brunswick - Fredericton, N.B., 1965.

had an increase in area and scale of local government. This has taken place through annexation, amalgamation and, in more sophisticated places like Toronto and Winnipeg, federation.

Unquestionably, the Canadian experience in the past two decades has indicated that adjustment in local government is necessary. Much adjustment has taken place. Complete systems have been transformed and many ad hoc solutions have been applied.

But this is not all that has been happening to local government. I can quote our chairman on what else has been happening: (1)

"More and more the trend is for the province to intervene directly either by requiring the municipality to perform certain functions in a certain manner or by taking on the service itself. In the field of sewage disposal and water supply, the provinces are more frequently requiring municipalities to act together because the implications of these services reach beyond the boundaries of any one municipality. In Ontario, on the ground that the municipalities are unwilling or unable to act effectively, the provincial government is actually constructing sewage and water facilities. Another example is highways which were from the earliest days almost entirely a local matter. Gradually, as the problems of inter-urban traffic overshadowed those of local traffic in rural areas, a network of provincially maintained highways was established. In recognition that even local streets are no longer solely matters of local concern, the provinces have become involved in urban streets through grants - and the inevitable conditions attached thereto - and in other ways. Today, suburban commuting traffic is becoming more important on the highways than the inter-urban traffic and it appears that the provinces are being drawn into direct responsibility for highways within urban municipalities in the form of bypasses and entrance roads - for example in Toronto, Ottawa and Montreal - and the federal government is also being drawn in through its various highway programs".

I can also quote Prof. Whelan on other kinds of happenings: (2)

"But perhaps the greatest factor impeding the growth of local democracy is the general chaos of municipal structure. Local authorities are corporations subject to judicial control, but they are increasingly subject to legislative and administrative control by senior governments as well. Through central municipal departments all jurisdictions now exercise a general surveillance over municipal operations, and special commissions are sometimes established, in addition, to secure a regulatory oversight of local fiscal activities. Although local authorities continue to have access to central legislatures through private bill procedure, they are increasingly the objects of legislative control through public measures; and whereas in former times they were governed by general statutory rules, they are now supervised in detail by legislation touching virtually all aspects of municipal administration. In the absence of intergovernmental arrangements for effective consultation, and being everywhere subordinate jurisdictions, local governments are able to exercise little apparent influence over this elaborate control structure".

Thus we can observe three kinds of incursions into local government:

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1. Stewart Fyfe - The Canadian City, a Symposium - Canadian Federation of Mayors and Municipalities, Ottawa, 1961 - p.38.
  2. Hugh Whalen - Democracy and Local Government. Canadian Public Administration, Vol. III - No. 1 March 1960, University of Toronto Press, p.9.



1. A drift of responsibilities to provincial and federal levels.
2. A superseding of existing units of local government by a bewildering array of new units of different sizes and shapes and which usually requisition tax funds without direct responsibility.
3. An extension of provincial supervision and control of local government.

So despite some progress in strengthening local government, on balance we are witnessing a general erosion of local government in a general effort to cope with our changing environment.

Let me put this in another perhaps harsher light. Local government is less and less able to play a dynamic development role. This is why it is so important for us to spend time today to see if we can introduce some new ideas and new energy which may be constructive for local government and for development.

Where do we get such new ideas? I suggest we must look at local government in a very fundamental way to see what forces are affecting it, how we can either accommodate them or change them.

There are in my view several such fundamental forces.

First, there are the characteristics of production in our economy and how production is located spatially; that is, the characteristics of economic development. The most obvious characteristic is the urbanization of production and labour force. I need not elaborate this with well worn statistics but we should note the persistent relative decline in farm output and farm labour force and the relative growth in virtually our entire hierarchy of urban centres. For a variety of complex reasons the rate of growth appears to be a function in part of the size of centre. The growth of our largest centres is not spatially simple since a distinct trend to decentralization or regionalization to nearby satellite or suburban centres is taking place.

Conscious and effective regional development may affect the balance between urban centres but we cannot expect a reversal of farm trends in relative output and labour force.

Second, the urban centre large and small has continued to extend its role as the community focus for the surrounding rural region and for smaller urban centres. Public facilities such as schools, hospitals, recreation and cultural facilities are serving larger populations and larger areas and are found in dominant centres.

Third, population and development pressure is resulting in urban invasion of rural land on several fronts. Urban residential expansion, together with commercial and industrial sites are the most obvious. Urban employed people are buying farms far beyond suburbia for residential purposes and in some cases for speculating holding. Finally, large populations, higher incomes and more leisure has induced a major expansion in recreational land uses.

Fourth, what I have just reviewed adds not only to central forces but also to emergence of a high degree of urban-rural interdependence and interaction with urban people reaching outward spatially and rural people reaching for the centre.

Fifth, as our economy and society develops, the foundation is laid for expectations, if not demands, for more services (public and private) of higher and

higher standards. Furthermore the technical means are available for employment and use by individuals and institutions that can afford them and use them efficiently.

Sixth, services have not only grown larger and more centralized, they have also become more interdependent, linked by a common interest in transportation and utilities and by certain modern technical considerations in preventive and curative health and welfare.

If one views local government in the light of what I have just suggested, then an adjustment pattern can be conceived. Such a pattern includes:

1. The principle of urban focus as combined with its related economic and social hinterland. This principle is oriented as to shape but is completely flexible as to size since we can select along a scale from smallest centres - smallest hinterlands - to largest centres-largest hinterlands. We are limited by provincial and international boundaries and sometimes major physical obstructions. Leonard Gertler has defined this (1): "The significant region is formed by the geographic concentration of people and by those relationships, involving personal contact, established between a major urban centre (or a group of functionally complementary centres) and the surrounding country, towns and villages... This kind of region has its focus in an urban centre but its limits are not clear-cut... Precision in determining boundaries is not to be expected, and the issue of exactly where to draw the line has to be determined by an administrative decision, which, in itself, becomes a factor in the consolidation of the region".

One major departure from this principle is embodied in the conservation function which may or may not be centre-oriented and which should not be segmented by application of the urban-centre criterion. Certain resource industries may result in creation of new centres but this does not obviate the centre principle.

2. The principle of adjusting local government to a size appropriate to providing modern services and modern administration. This principle by itself does not preclude different sizes for different functions, and theoretically there could be a different size of local government for every local function. Size itself is expressed by different factors depending on the service: A modern welfare unit is optimized in terms of case load which may be translated into total population, and ultimately size. A modern road building and maintenance unit is optimized in terms of miles of road to be contracted and maintained and this is translated directly to size. But the best size for welfare may not be the best size for roads or economic development or planning and so on.

3. The principle of integrating local government. Clearly if integration is desired, it is not inconsistent with Point One but it will be with Point Two. Thus integration in most cases will require compromising optimal size considerations, unless approximations to integration such as federation or coordination are acceptable. Catherine Wurster argues strongly for integration when she states: "And I suspect that specialization, without an effective framework for integration, may be the basic curse and threat of our time, whether at the local, national or international level. In our social, civic and political life we have not learned how to apply the real lesson of the scientific and industrial revolution - the cross-communication and interdependence that makes specialization effective in the common interest".. (2).

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1. Leonard O. Gertler - Regional Planning and Development Resources for Tomorrow Conference, Vol.1 - Queen's Printer, Ottawa, pp. 395-399.
  2. Catherine D. Wurster - The Form and Structure of the Future Urban Complex - from Cities and Space - The Future Use of Urban Lands, 1963. The John Hopkins Press, Baltimore, Maryland.

4. We cannot talk about local government solely in terms of space orientation, size and integration. It must serve our broad political objectives and assist us to attain our values of responsibility, responsiveness, citizen involvement and participation. Adjustment must therefore point to a meaningful area of human interaction and common interest. The urban-centred region provides a reasonable base, since it comprehends, at every size level, common interests and interaction from the village centre region to the metropolis-centred region. Adjustment must also point to a total system which is not so complicated as to blur citizen focus. Multiplicity and variations in area contribute to such a condition, but a combination of consistent application of the urban-centred region concept and restraint in numbers of separate jurisdictions will provide a reasonable potential for citizen focus. It will also reduce the need for federations which often tend to separate authority from responsibility and which almost always require awkward political, financial and control arrangements.

Against this background, I propose now, with considerable trepidation stemming from a clear appreciation of very limited exposure coupled with a profound reluctance to reflect this in public, to look at developments in Ontario. But, first, let me say that even with a cursory view the dynamics of local institutional adjustment in Ontario is quite striking. A great deal has been going on in recent years and much more is in a state of ferment. The scope of change may not be as universal as in other provinces but the nature of adjustments is more varied.

Let us take education first. In this case the general trend has been toward size adjustment. Prior to this year, legislation permitted township units of administration. Now such adjustment is mandatory. In addition, county-sized and shaped units are provided for in the legislation. The Hon. William Davis in discussing the new legislation has stressed:

1. Larger scale of operations.
2. Centrally located facilities.
3. Coordination of building plans and transportation.

Looking to future developments, he stated: "I believe that in 1964 it is necessary to make each municipality one unit for public school purposes, but I also believe that it is necessary to provide for the enlargement of these units as local circumstances appear to dictate. For example, there may be areas in the province where the whole of the county should be one unit for school purposes. There must also be provision for the adjustment of boundaries of public school areas as there is for high school areas so that, if it is desired locally, the boundaries of both units can be made the same and a board of education established to handle the education of the pupils from kindergarten to grade 13". (1).

Obviously, further size increases are expected and integration with education appears desired. It is important to note that reform in education has taken place using established municipal boundaries, creating spatial integration and avoiding overlap which prevails in a number of provinces.



But true to the Ryerson principle education remains a separate local government jurisdiction. Municipal adjustment in Ontario has focussed on urban expansion into rural areas. Obviously, such adjustment is urban-centred and in the direction of increased sizes. Mr. Mitchelson has noted that "a recent method of enlarging the size of the urban administrative unit has been the application for whole municipalities to merge". (1) He cites Oakville and Trafalgar; St. Catharines, Port Dalhousie, and Grantham; and Niagara Falls and Stamford as examples. In contrast, Metropolitan Toronto is an example of federation into a larger unit of local administration. Federation has fairly wide application in a number of aspects of local government. Planning, for example, has moved from its single municipal confines to larger federated areas in the form of subsidiary and joint schemes. The process has been rather sporadic and spotty but whenever it has occurred the direction is towards expansion usually from a centre or centres. Gertler has pointed out a major difficulty with many federated planning arrangements: "It needs to be said that the inner logic of a system that produces regional or joint planning boards, with neither the authority to dispose of the matters that are its unique concern nor with staffs qualified to do a competent job, leads not to joint planning but to joint frustration accompanied by public disrespect and demoralization".

York county is an example of a further step towards regional planning. More recent developments in the Waterloo area reflect an attempt to overcome existing weakness in a single municipality and joint planning. It is felt that a minimum improvement would be a country-wide joint scheme including cities but that this itself is a step towards an administrative shift to the county. Reference is made to eventual municipal reorganization.

The tendency to joint planning is clearly in the direction of urban-centred regional planning - with overtones of local government integration as well. A second example of federation is the conservation authority which is, in structural terms, a federation of municipalities over a relatively large resource-identified area. (2). The area typically does not conform to existing local government boundaries and it has no particular urban orientation.

A third example is the health unit which repeats the familiar pattern of an increased size of jurisdiction. The health unit grows within county boundaries but some county areas have no health units and others are only partly covered. (3).

A fourth example is the county welfare unit in which welfare is transferred wholly to the county except for financing which remains a municipal responsibility.

All of these examples, except the conservation authority, feature multiples of municipalities; some are full county size, others only part of counties. Most federations involve councils or boards for single functions which consist of delegates from municipal councils. All have requisitioning powers and in all cases no single unit of local government has general budgetary discretion. Whether we look at this system from the viewpoint of an individual citizen or an individual entrepreneur, they are obliged to deal with a number of separate jurisdictions. If the jurisdictions occupy different areas then the whole foundation for policy and administration will vary. No one jurisdiction can explain and justify local taxation as a whole.

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1. E.E. Mitchelson - Trends in Ontario - in Changes Confronting Small Cities and Towns, Canadian Federation of Mayors and Municipalities - Ottawa, 1964, pp. 17-23.
  2. Ibid. The Conservation Authorities Act, 1964, Queen's Printer, Toronto, 1964.
  3. Ibid. Health Units, Queen's Printer, Toronto, 1965.

Thus despite the positive aspects of upward size adjustment, new problems arise from multiplicity. In political terms perhaps the most serious problem is responsibility. To the citizen attempting to fix responsibility and assert his over-all tax objectives, the existing relationship can only lead to frustration.

Other developments in Ontario have been less formal but have pervasive effects on local government. Outstanding among these are the development regions which are, in our terms, municipal federations but not confined by single county boundaries. With little authority and policy discretion, the associations' achievements have been in terms of focussing interest on regional activity. ARDA has stimulated similar regional focussing. But in neither example can we claim significant progress at the action level. One missing ingredient which becomes readily apparent is a local government system adapted to a regional environment and able to assign priorities in services on a regional base. To attempt to plan and develop regionally, leaving discretion completely in the hands of sovereign and understandably self-interested jurisdictions, is to behave heroically in the face of almost hopeless obstacles. On the other hand, to delegate discretion is to dilute and confuse responsibility.

But local difficulties are not all resolved locally. There is the omnipresent province which after all does have constitutional responsibility for local government tually without restriction. Where there are lapses in local government and in many ses where there are not, the Government of Ontario, like other provinces, has a dde range of statutory, regulatory, administrative and financial devices to facilitate, nduce and enforce tolerable performance at the local level. Literally, every agency of provincial government has one or more of these devices available and all impinge on local government fairly continuously. The Ontario Municipal Board has very strong powers which it applies in such diverse matters as settling financial sharing for federated programs and municipal annexations. The Minister of Municipal Affairs has wide powers regarding municipal local government. And so has the Minister of Education regarding education local government. And we can add to this list Ministers of Highways, Health, Welfare, Agriculture, Economics and Development, all dealing with the municipality on special purpose jurisdictions. Over time they have tended to proceed within their own frames of reference to mold their segment of local government, utilize existing institutions and processes when convenient to their service interests and discard them when not convenient. Economic development is a fairly recent addition to the long list of program pressures on our local institutions.

I cannot hope in this talk to trace the impact of provincial action on local government in any detail. In general it has tended to give higher priority to progress goals than to local government per se, and the result has been the previously-noted tendency towards erosion of local government. This is brought about by provincially-sanctioned changes which multiply jurisdictions and which diffuse responsibility.

Well, where do we go from here? I would accept as a frame of reference the four principles developed earlier:

1. Urban-focussed regions.
2. Size appropriate to provision of modern services and modern administration
3. Spatial and functional integration.
4. Responsibility to a participating public.

These can be translated into precise objectives. To some extent what has been happening in local government provides some clues as to new directions and new forms. In order to focus discussion it may be useful, if reckless, for me to suggest as a frame work for the future, a two-tier system - one level geared more to a sense of community and citizen participation and the other geared more to the provision of efficient technical services. I do not want to overstress these differences since common characteristics, such as urban focus and internal integration, are important. Nor can I be overly dogmatic about fitting everything into these two tiers. But since I have gone this far I might just as well go a little further. The first tier, which we can call local government, should be based on counties within which existing rural and urban governments could eventually integrate fully. It may be desirable to depart somewhat from the present county limit where counties are inappropriate areas in terms of the urban-centre principle; that is, either too long or too small or the wrong shape. The second tier, what we can call regional government, would consist of multiples of the lower tier but need not necessarily be federations; that is, they could be independent units of government. Their spatial orientation would be based on selection of appropriate large centres or clusters of such centres. The regions will be large enough to encompass most regional types of activity and in most cases those which involve resource development.

If these are the approximate objectives, how do we proceed? In fact, how do we proceed with any adjustment process? It is very difficult for local government itself to provide initiative and leadership. Change is bad enough for most people and institutional change tends to be even more difficult, for institutions in most cultures represent stability and security. There are strong local loyalties and strong local vested interests in preserving power structures and power positions. There is invariably a lack of outward perspective. But local communities are nevertheless energized by events, by growth and decline, and we can see substantial signs of local initiative in the direction of improving local government. This is most obvious in the very large urban centres subject to near explosive growth or the rural municipality facing decimation. There are other examples. Mr. Mitchelson tells us that "it is significant that the Township of Brantford went to some considerable length (without success) to appeal to all the local government bodies and other authorities concerned, to set the Brant County area up as a guinea pig. They suggested that Brant County Council be completely revamped to take in the City of Brantford and that a "regional government" be established to provide for the gradual extension of area services and the planning of the whole economic area". He also reports on the Niagara Peninsula developments. Instead of waiting for the Ontario provincial government to act, the municipalities in the Niagara Peninsula in 1963 established the Niagara Peninsula Municipal Committee on Urban and Regional Research. This required joint action by Lincoln County Council (10 municipalities), Welland County Council (13 municipalities), and the three cities of St. Catharines, Niagara Falls and Welland (total 26 municipalities). The aim of this research is to deal with questions of public administration raised by the rapid urbanization of the area, the increasing interdependency of neighboring communities and the scattered sprawl over highly-productive agricultural land.

The Committee was formed because of the growing concern that the structure of present municipal government may prove inadequate to meet current needs and attain desirable future goals. The work to be financed through the present grant from the Canadian Council on Urban and Regional Research represents the first step in this grass-roots Committee's program of research.

It could be that the representatives of these 26 municipalities in the famous Niagara Peninsula are pioneering in the spirit of the "atomic age", which must replace the spirit of the "horse and buggy age".



I am certain that there are many other examples, which could be recounted, all indicating local initiative, but also an element of frustration the local leaders faced, with promising goals but inappropriate institutions.

We come to what I believe to be the chief actor - the province. There is no question as to its legal responsibility nor to the ample powers expressly provided in legislation. As long as we have our constitutional arrangements, and I see no real likelihood of change, the provinces will continue to be responsible for the local government system and its performance. And it is not just the bare bones of constitutions. Attainment of provincial policy objectives requires effective local government. I do not believe, however, even given the most persuasive motives, that most provinces are equipped to cope with the local government problem effectively.

Provincial responsibility may be divided into two main classes of function:

1. The planning of local government functions, finances and structure.
2. Directing, assisting and controlling local government programs, administration and finances.

What we need urgently to carry out these responsibilities is a new arrangement in provincial government. And most important in this arrangement is a department which we might name the Department of Local Government or Local and Regional Government.

It is in the area of the first set of functions that such a Department is needed most. It is my view that the largest single inadequacy in the present organization is the absence of provision for an overall view in the planning of local government.

This inadequacy stems from the basis upon which the provincial government itself is organized, i.e. on the basis of programs being carried out or services being provided, with separate departments responsible for educational services, health services, welfare services, agricultural services.

As a result of the program basis of organization at the provincial level, local government has been planned on a functional basis. Not only has local government been planned on a functional basis but each program department tends to act independently and almost in isolation from other departments. Consequently, in most provinces:

1. Local government is highly fragmented.
2. No agency is in a position or has the responsibility to take a continuing interest in improving the present system of local government.
3. There is a lack of any policy as to what should be happening to local government as a political institution.
4. No agency has had a specific interest in improving provincial organization for supervising local government.

In general, a Department of Local Government would:

1. Assist Cabinet in developing policies regarding the future development of local government;

2. Develop and maintain plans for rational and effective system of local government;
3. Advise Cabinet on local government finances and provincial-local fiscal relations;
4. Advise Cabinet on provincial organization for the supervision of local government.

The objectives of the second class of functions are:

1. To ensure that adequate standards of local government are maintained;
2. To ensure that local government administration is reasonably efficient and that sound financial practices are followed.

Clearly provincial participation in relation to the first objective must be program or functionally oriented and in this event the relationship should be between program departments and local government.

However, the second objective is common to all local governments and it should be possible for a Department of Local Government to develop administrative and financial advisory services and supervision for all local government units.

It may be helpful for me to speculate a little about the specific tasks of a Department of Local Government. It might be responsible for this list of functions:

1. Planning local government structure, finances, functions;
2. Assisting with and, where necessary, controlling administrative and financial practices of local government;
3. Promoting, assisting with and, where necessary, controlling physical planning carried out by local governments;
4. Supervising local government programs where such programs cannot, or for some reason should not, be supervised by program departments;
5. Providing municipal services in areas insufficiently developed to warrant municipal organization and encouraging the development of local government in such areas.

In my view, because of the urgency of planning on the scale of local government systems, the Department should have a strong research and planning unit. It would:

1. Design and maintain a plan of organization and boundaries for local government.
2. Carry out research into local government finance and provincial-local fiscal relations.
3. Assist Cabinet and other departments in clarifying the existing division of functions between the provincial and local governments and in determining what changes in local governments functions should be made in relation to changes in local government structure.

4. Assist Cabinet in clarifying the relationships between provincial agencies in their supervision of local government.
5. Act as a coordinating agency where two or more departments are involved in common local government programs or problems.

One more institutional possibility should be considered - a permanent interdepartmental committee on local government. It would include senior representative of all departments and agencies with important and strategic interest in local government. A committee of this sort is essential for a variety of reasons:

1. It will provide for top-level consultation and cooperation during the time when the Department of Local Government is developing and clarifying its role and relationships to program departments.
2. It will serve as a committee which can iron out continuing difficulties in relationships between the Department of Local Government and program departments.
3. It will make possible the communication of ideas concerning areas in which the Department of Local Government can be of assistance to program departments and where program departments can be of assistance to the Department of Local Government.
4. Assuming that local government is adjusting, there will be a need for consultation among departments on problems which are of mutual concern.
5. In general, it would provide for the integration of local government policies at the provincial level just as the county and regional government should provide for integrated policies at the local level.

Let me stress that a process of local government adjustment has vital need for leadership from the province. Such leadership can come best from a provincial agency which has an overall view of all local governments and which can take the initiative in coordinating the many agencies which will be involved. Furthermore, it can serve as a strong, authoritative link with local government itself. This should lead to more fruitful cooperation and coordination between the province and local government.

All this may seem like a lot of bother to provide for a local contribution to development. But a great deal is at stake for all who seek both effective regional development and a political system which reflects citizens and their communities.

We should not consciously suppress development simply in order to preserve existing institutions. Equally, we should not permit development to distort our political values of responsibility and participation. I am convinced that adjustment more or less along the lines suggested will give us a much better opportunity to avoid both pitfalls than the prevailing system will.



BRITISH REGIONAL DEVELOPMENT

by

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Under Secretary of State for Regional Development  
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Britain has a long history of interest in regional problems. It is more than 30 years since the first steps were taken to improve the regional balance of the country -- with the appointment of special commissioners for the depressed areas, the construction of large government-owned industrial estates and so on. In the period of reconstruction after World War II one of the very first pieces of major legislation to be introduced was an Act designed to secure a lasting alteration in the distribution of industry and employment throughout the country.

The essence of this system (which is still in force) was a mixture of sticks and carrots applied to individual companies -- control over industrial expansion in the prosperous areas and financial incentives for the development of new activities elsewhere. This apparatus of controls and incentives was extended and improved in the years that followed -- until by 1960 we could claim to be operating one of the most comprehensive systems anywhere in the world for influencing the geographical pattern of manufacturing industry.

This system produced good results. In some parts of the country it was spectacularly successful. The coal-mining areas of South Wales, which before the war had suffered from the festering sore of mass unemployment, found a new prosperity based on the introduction of modern industry. The textile towns of Lancashire survived a drastic cut in the labour requirements of the cotton industry -- 50 per cent in ten years -- without serious unemployment; and they are now a thriving centre of heavy engineering.

By the end of the 1950's there were many people in Britain who thought that the disease of structural unemployment had been cured; and for a short period interest in regional questions diminished almost to vanishing point.

But the forces which make for regional unbalance in our economy are strong and deep-rooted and the battle to overcome them has to be waged unremittingly. The truce was short-lived. The recession in 1962-63 gave rise to serious unemployment in the northern half of the country -- especially in the ship-building areas of Scotland and the North East -- and this sparked off a revived interest in the whole complex of problems we now call regional development.

This time there was a difference. People began to realize that regional development was not just a matter of relieving unemployment when it got to politically embarrassing levels. They became aware that just as the causes of regional unbalance are social as well as economic, so must the remedies be. They woke up to the fact that surplus labour and under-used social capital in the North and inflation and physical congestion in the South are two sides of the one coin.

It was about this time too, I think -- and it was a time, you may remember, when a good deal of heart-searching was going on about Britain's place in a modern world -- that we began to realize that the separate character and identity of our different regions had in the past been a great source of strength to us, and that we were in some danger, unless we took some positive steps to avert it, of throwing away an asset which we could ill afford to do without.

This mood was reflected in political changes. In January 1963 a senior cabinet minister was given special responsibility for the north-east of England, and he was assigned the task of preparing a comprehensive program for the regeneration of the region, covering all sides of its economic and social life. The appointment and the report were each the first of their kind and paved the way for the major changes of policy which have occurred since.

This was followed, towards the end of the same year by the appointment of Mr. Edward Heath as Secretary of State for Industry, Trade and Regional Development -- an appointment which in my view, marked a permanent change in the British attitude towards regional problems from which there can now be no going back.

When the present Labour government came to power last October, the process was carried a stage further, with the transfer of regional work to a powerful new Department of Economic Affairs and the establishment of new machinery in every region of Britain.

It has been my good fortune to be closely associated with all three phases of this evolutionary process and it is against that background that I would like to tell you of our plans and hopes for the future.

I mentioned a little while ago the formation of the National Economic Development Council. This, as some of you may know, consists of four senior cabinet ministers, six representatives of management, six from the trade unions, a banker or two and a university economist. Its present chairman is Mr. George Brown, Deputy Prime Minister and Secretary of State for Economic Affairs, who is responsible for -- and deeply interested in -- regional development.

The Council's original task was to prepare an outline plan for the British economy -- initially for five years ahead. This was designed to secure a considerably faster rate of economic growth than we had hitherto been able to achieve; to identify and remove obstacles to efficiency; and to find ways of improving productivity and the competitive strength of British industry and commerce. In the way it approached its job, the Council borrowed heavily from the system of indicative planning operated by the French. The French have made many contributions to civilization and one of them has been to make the concept of economic planning respectable in the free enterprise countries of western Europe.

The job of preparing economic plans -- at both national and regional level -- has now been transferred to the Department of Economic Affairs. But the Council still exerts a big influence in Britain, both indirectly through the organizations represented on it and through its periodic reports -- which are completely independent and in some respects resemble those of the U. S. President's Council of Economic Advisers. In particular, the work of the Council has done a great deal to get across to the community at large the fact that we shall not achieve the faster growth to which all political parties are now committed unless we make the fullest and most economic use of our limited resources.



This emphasis on the efficient use of resources has given a completely new slant to regional development. It is no longer conceived as a matter of relieving hardship, helping the lame ducks of the economy or cushioning special areas from the effects of rapid technological change. It is thought of as a powerful and new instrument for advancing the nation's strength and prosperity, by making fuller and more rational use of its human and physical potential.

Let us take the human potential -- people -- first. The problem here is not just the straightforward one of reducing unemployment. If we can find ways of stepping up the rate at which new jobs arise in the North nearer to the booming rates of the South, we could draw into employment not simply those people who are now registered as unemployed, but also a large number of married women, older people and so on who would gladly go out to part-time work if a convenient opportunity occurred nearby. It has been calculated that this could increase the working population of Great Britain by nearly a quarter of a million people and that their output would add one per cent to the Gross National Product. This is tremendously important to us at the present time as, because of our age structure, the working population is growing much more slowly than the population as a whole.

Secondly, there is the problem of physical resources. Britain is a small country -- its total acreage is much less than the Province of Ontario. But the population is increasing fast and between now and the end of this century we shall have to find room for about 20 million more people. This will require a huge increase in the community's investment in houses, schools, roads, water supply and the rest. When you add to this the fact that the demand for separate households is increasing proportionately faster than the population, as the standard of living rises; the number of automobiles is expected to double in 10 years and treble in 20, and the need for more space for recreation is growing as people's leisure increases -- you are left with a situation in which comprehensive regional planning on a large scale becomes an urgent necessity.

As the discussions at this conference have shown, the instruments which can be used to further regional development are many and various. I should like to concentrate this evening on three aspects of policy which are to the fore at the present time in Britain. They are: measures to influence the location of employment; the regional planning of investment; and the administrative machinery through which these programs are carried out.

First, the location of employment. Here I simply want to pick out a few aspects of our policy which have all been developed in the last two years and may have some relevance to conditions elsewhere.

The first is that in 1963 we introduced a new principle into our fiscal system -- a system which like taxation in most countries had become hallowed and perhaps encrusted by tradition and is not easily changed. The new principle was the principle of discrimination by geographical location. Since 1963 manufacturers operating in areas with under-used resources have been allowed to write off their plant and machinery for tax purposes at any rate they choose -- they can depreciate it all in the first year of operation

if they want to. This arrangement, which is available to established manufacturers and newcomers alike, applies regardless of the number of people employed in the firm concerned. It may in fact operate to reduce employment in the short run as it tends to encourage the adoption of capital intensive schemes. It has not been in operation long enough for us to measure the results but we believe that it will be a powerful incentive to modernization which, by increasing profit ratios in the less prosperous regions, cannot fail in the long run to promote the growth of incomes and employment there. There may well be scope for extending the use of tax policy to support regional development.

This new emphasis on stimulating the growth of production and the creation of wealth rather than on the direct relief of unemployment is reflected also in the establishment of designated growth areas in selected regions. They are confined at present to the two regions with the most serious structural problems -- Central Scotland and Northeast England. But the principle can easily be extended to other comparable parts of the country and I expect that this will soon be done.

The creation of these growth points is based on the principle that, by concentrating new industrial development in limited areas and building up around them a network of good communications and all the other ingredients of a modern industrial base, you can establish a balanced complex which will in a comparatively short space of time generate its own economic and population growth and serve as a focus for development in the surrounding area. New towns and cities -- like East Kilbride of which my colleague, Mr. Kirby spoke this morning -- will have a very big part to play in this.

Here again there has not been time to measure the results; our growth point policy has only been operating for just over a year. But the preliminary indications are favorable and there is every reason to suppose that we shall be able to build usefully on them as we gain experience. In particular, we need to know more than we do at present about the links between different forms of economic activity so that we can try to bring together in one place industrial and commercial units whose activities will complement and support one another.

We have had one interesting example of this already. About two years ago the Ford Motor Company, which was not allowed to expand its main plant in the South of England, built a large new factory in an area of labour surplus near Liverpool. This has led, as we hoped it would, to the establishment nearly of several new factories which supply components to Fords and other automobile makers -- with immense potential benefit to the whole of Northwest England. This principle is certainly capable of extension.

But we do not confine these activities only to manufacturing industry. One of the weaknesses of our policy in the past -- and I believe it is one we may have shared with other countries -- is that in considering problems of structural imbalance we have concentrated too little on the non-manufacturing sector of employment. In particular we have until recently left out of account the great contribution which office employment can make to balanced development in the regions.

In Britain (as in France) we have a particular problem in the overwhelming predominance of the capital city as a place for office employment. This not only makes life for the London commuter almost intolerable -- and in so doing adds enormously to the sums required to improve suburban road and rail services -- it also impoverishes the life of our big provincial cities by reducing the opportunities for white collar employment -- with all the implications this has for the vitality of their cultural, social and educational life. For this reason the present government has imposed a virtual ban on new office building in the centre of London and has introduced strict control over office developments in the commuter belt 40 miles around London.

The government has also imposed a self-denying ordinance on the growth of its own office staff in the London area and is indeed actively seeking to disperse as much as possible of its work to other parts of Britain. The initial disturbance to the staff and to the conduct of business is considerable. But with modern communications this is fairly quickly overcome and the general experience is that, though staff are reluctant to move out of London in the first place, they are even more reluctant to go back there once they have settled into the new and less congested environment in the North.

As part of this general process of reducing the magnetic pull of the capital we are also trying to move more scientific work to the provinces. This is a slow and delicate business -- in their private lives scientists are unfortunately a very conservative lot -- but given the amount of research work which is directly or indirectly financed by government we may expect to make progress in this direction as in others and the long-run effect can only be to the benefit of the country as a whole.

Perhaps one day we may even see the transfer of Parliament and the seat of government to a new official capital in the North, leaving London to concentrate on its function as a commercial capital, like Toronto and New York. At present this is no more than a pipe-dream but I should not be altogether surprised to see it happen in my lifetime.

So much for the measures to influence employment. Let me turn to the regional planning of public investment. This raises a quite different set of considerations. For one thing it is concerned at least as much with the fast-growing prosperous areas of the country as with the under-employed ones. Generally speaking the physical problems thrown up by rapid development are much more difficult to cope with than those of depopulation and decline -- because the pressure on land and services is so much more intense.

Here it is important to remember that over most of the field the regional planner can in the short run exert only a marginal influence on the geographical pattern. Except in special circumstances you have to build houses, roads, sewers and schools where people are and not where you would like them to be. The planner's problem is therefore, to see that the various types of investment within the region are planned together and laid out in a fashion which will make the most economic use of available resources and at the same time provide an efficient base for industrial and commercial



development. Put this way it sounds simple enough: but in Britain at least the practical problems are immense. Tight budgets, lack of co-ordination among the different executive agencies, inadequate information, and the appalling problems of making an old town fit for the automobile to live in when land values are soaring, make regional planning near London, Birmingham or Manchester a complex and difficult problem.

Britain is at present carrying out a huge program of public investment -- designed to modernize outdated social capital (schools, hospitals, ports and the like) and to provide the new services (roads, airfields, technical colleges and so on) needed to support developing industries. There is far more to do than we can undertake at once and we are constantly faced with the need to make a choice between two desirable projects, only one of which can be afforded at any one time. These decisions are not ostensibly regional but their repercussions on the regional balance can be considerable. Which should we do first -- build new schools in the South where the classes are far too big or in the North where the present buildings are hopelessly out of date? Which should come first: a new dock in Liverpool or a new airfield for London? A new hospital for Birmingham or a new university for Scotland? Of course, many factors enter into a decision on conflicting priorities of this sort -- regional considerations are only part of these and should not necessarily be decisive. What is important is that those who make the decisions should realize that they can have lasting implications for the regional balance. These must be taken into account before the final choice is made and this is what we are trying to ensure through the new regional economic planning machinery which is now being set up.

This new machinery is a quite new development in Britain; and although it is naturally geared to our own administrative and political structure and conventions some parts of it may be of general interest.

Britain, as you know, is a densely-populated island but small in area. Up to now we have considered it sufficient to have two tiers of government -- central government in London on the one hand and local government at county, city and district level on the other. In recent years there has been a growing feeling that this structure was not altogether suited to our present needs. There are two aspects to this. The problems with which central government has to grapple have become more complex, and many people have come to feel that they would be more manageable if they were broken down into somewhat smaller units. At the other end of the scale local authorities have increasingly felt the need, in the interests of administrative efficiency, to combine with their neighbours to tackle problems of mutual concern -- in such diverse fields as slum clearance, urban road planning, the provision of water supplies, the prevention of crime and the building of hospitals. Coming at a time of growing regional consciousness, which I mentioned a little while ago, these have led to a good deal of support in some quarters for some form of regional Government. There are a good many people who would like to see a third, regional, tier of elected Government which would be interposed between the existing central and local authorities and would draw away some executive power from them. But in constitutional matters the British do not like to move too fast and it is quite

plain that public opinion generally is not yet ready for elected regional government.

It is against this background that the present government have taken the first steps towards setting up its new regional structure for Britain. The country has been divided, initially, into eight regions -- one each for Scotland and Wales and six for England.

In each of the new regions two powerful new bodies will be set up. The first will be an executive arm of central government. It will be called the Regional Economic Planning Board and will consist of regional representatives of the main economic and social departments in London. Each member will have the job of carrying through his department's programs and policies at regional level and will be responsible for this to his own Minister. But they will meet as a planning board under the chairmanship of a resident officer of the new Department of Economic Affairs whose job it will be to lead and coordinate their work and resolve differences between them.

In addition, the boards will have the responsibility of preparing plans for the economic development of their regions -- on the basis of general policies and priorities laid down in the national economic plan formulated at the centre. The preparation of national and regional economic plans (which is still of course in its infancy) will be very much a two-way process, in which information and ideas coming up from the regions will be fed into the national plan and vice-versa.

The regional plans will cover such matters as the structure of industry, the communications network, the siting of airfields, the pattern of population growth and of industrial development, the location of new cities and major town expansions and so on; and they will provide a framework within which local authorities and other agencies can make their own dispositions.

The second new body which will be set up in each region will be a Regional Economic Planning Council. This will not have any executive powers but it will work in close cooperation with the board and will have direct access to ministers or matters affecting the well-being and development of the region. The councils will be fairly small. Their members will be appointed by the government for their personal qualities and they will be drawn from all strands of the region's life, including management, trade unions, local authorities and universities. They will be people whose views may be expected to carry weight both in their own areas and in the corridors of power in London; and my own guess is that they will exert a considerable influence on policy at both national and local level.

This sketch of our new regional machinery is very much a preview. The names of the first council members will be announced in Parliament next week and the boards will start operations in April. Time will show how they will work out and whether any further changes are needed. I believe that they will give a new dimension to the work I have been describing this evening. I hope that in the years to come many of you will come over and visit us and see them at work. We shall be delighted to see

you. I tell you what you will find -- unemployment in the North, more and more congestion in London, authorities of all sorts pursuing their merry way, uncoordinated as before . . . . . Anyway, we would like a chance to repay the very warm and friendly welcome you have given us this week.



EMERGING PROBLEMS OF GROWTH AND DEVELOPMENT

by

Jean Gottman

Author 20th Century Fund Report "Megalopolis"

It is a great honor, pleasure and privilege to have the opportunity to address you this morning on a subject of considerable importance to all of us -- a subject on which I have been called upon in several parts of the world to speak recently, although I do not feel that I am really more competent than most of us here to cover it. That subject is: "The Shape of the Future - The Emerging Problems of Growth and Development" seen especially from the regional approach.

As economic history accelerates its course, the regional aspects of economic change and development are gaining in importance in our daily lives and in the daily and long-term concerns of governments everywhere and therefore they are attracting more interest even in the academic field. The reasons for this trend in modern thought are many, but I think that basically they may be contained in two major considerations. And these two major considerations make up the basic conflict that has underlined most of our discussions here for the past two days.

First of all there is a growing variety of trends and of problems within any national economy and these varieties so increase that it becomes more and more difficult to find and direct all the diverse solutions possible from one single centre: Hence the need for some decentralization not only of industry but also of responsibilities. Secondly, the existing inequalities in the distribution of resources over any national territory or any territory of a large area, this inequality that is easy to show on an economic map amongst neighboring area, is no longer accepted as inevitable or even as ethical.

Now the first set of reasons, or trends, is the increasing variety of problems. It is also increasing the variety of the world as a whole, more regional specialization, more political decentralization. Present observations point to a steady development of these processes in the immediate future. As these trends unfold, the political and economic adaptation they will require cannot avoid coming up against the tide of rising expectations which is born out of the modern belief that the unequal distribution of resources amid regions and amid countries is unjust and must be righted.

In the past, the geographical distribution of needs and resources around the globe was held to be determined by a set of factors which could not be very much modified: Climate, fertility of the soil, mineral deposits hydrography, density of population, industrial equipment available, capability of the labour force, etc. A complex concurrence of all these factors made certain areas poor and others rich. There seemed to be no imminent justice in geography as our fathers learned it, but they accepted it as being reasonable because of all those factors. Now we have learned with technological progress and with social evolution to reshape the physical environment sufficiently to make it yield resources that were not apparent right away. We have learned to put to work the potential kept in nature and in people. The inherited economic map has appeared unjust to the less favored and they have asked for more resources and for a better life. The vast majority of mankind holds today that the unethical contrasts in the wealth of regions can and should be corrected in the future and this is a great change in the minds of men.

Future endeavors to achieve better regional development will be deeply affected by the basic conflict which is now forming between the accelerated changes in the distribution of the people and of their modes of life on the one hand, and the growing belief on the other hand, of man's potential capacity to bring about more justice to the existing distribution of people, through greater regional equality in the economic geography of tomorrow.

The present trends do not look as if greater equality between regions is coming as a result of the free interplay of economic and social forces now at work. We have heard a great deal about that from all the preceding speakers from this same room. We have had many examples and some general theory about how mankind is reshaping its habitat today, and I wish to emphasize the one aspect of it that I have studied particularly and with which I am more familiar on both sides of the North Atlantic, and that is the forces brought about by and for urbanization and suburbanization. While cities are rapidly expanding their suburbs and even causing a new kind of suburban scattering in a wider radius than ever around the old centers and the large metropolises, it seems of course, to most of the observers that a great flood is expanding all over the land. But in fact, more territory is being now emptied of most of its population than is being flooded by the tide of urbanization. Such concepts as the urbanized regions, and I think the most interesting example is in "Megalopolis" on the northeastern seaboard of the United States are scattering all over the world. They do not mean, however, that entire national territories are being covered with an urban tide of occupation of the land.

Megalopolis on the northeastern seaboard, the area from Greater Boston to Greater Washington, gathers about one-fifth of the American nation, over 1.8 per cent of the land area of the conterminous United States. If we were to consider only the more densely populated axial belt of Megalopolis, really the land on the two sides of the main central axis that runs through the main cities, we would find that about 15 per cent of the total population of the United States is connected in about 0.5 per cent of the land area. But let us be generous and include in the territorial geographic concept of this region those neighboring areas that serve the seasonal or periodic scattering of the agglomerated population and which, of course, serve also as the immediate neighborhoods being little by little slowly flooded, at least in parts, by the growing suburbanization and scattering of building. This is how we arrive at limits we assigned in that study of Megalopolis as defined for 1960. Such a concentration of 20 per cent of the population on less than 2 per cent of the acreage is not exceptional today in well developed countries.

A brief and very superficial survey of the various countries around the world has indicated that in most well-developed nations, (I mean by well developed, those that are not classified as under-developed) one region at least can be defined, sometimes two, which covers less than 5 per cent in area of the national territory and contains between 15 and 30 per cent of the total population. It is generally a thoroughly urbanized region or one in rapid process of becoming so, organized also around the largest metropolis (or metropolises) of the country. Such is the case of the regions around London in the United Kingdom around Paris in France, in and around the Ruhr in West Germany, around Tokyo in Japan, Copenhagen in Denmark, Buenos Aires in Argentina, Mexico City in Mexico, and Casablanca - Rabat in Morocco.

In such a vast country as Canada I believe that an elongated ellipse could be drawn on the map or on the land, which, while including some fairly rural land, by encompassing Montreal, Ottawa, Toronto and Hamilton, would fit the definition set above. Some of the examples I have mentioned are, of course, all centered on one big nucleus, on one big metropolis, and that is the case in London, Paris, Copenhagen, Mexico City, etc. But others are not mononuclear, they could be called polynuclear (such as the regions I indicated in West Germany, in Canada, in Megalopolis in the United States, and in a great many other countries.) Some belong in the over-developed North Atlantic realm: Others in the under-developed parts of the world. There is a list of about 20 of the little developed nations that have a concentration of population over a small portion of their territory. So if the occurrence of such concentration is a rule today for well-developed nations, it is a frequent, although not yet general occurrence, in less developed countries. As we are talking about the future, we may infer that as the less developed countries are going to get better developed, this kind of concentration is going to increase and become a rather general rule.

In the well-developed countries one may find some other vast regions, fairly urbanized, which are concentrating a smaller but impressive fraction of the total population. Thus Britain has a secondary region, of older, heavy industrial concentration that stretches at least from Lancashire to the Midlands. Its heart would be the triangle -- Liverpool, Manchester and Birmingham -- but it has recently expanded far beyond this old 18th century industrial revolution triangle. A smaller and newer yet very thin ribbon-like area of rather continuous urbanization is also developing along the southern shore of England on the Channel. Now both of them may soon be considered as consolidating with the Greater London region, if the present trend of growth of southeast England lasts, as it most probably will.

In the United States, besides Megalopolis, three remarkable urban regions are growing at rather different rates of growth: One, of an older history and an older industrial type, follows the edge of the Great Lakes over most of its length from Cleveland to Milwaukee, via Detroit and Chicago. Another, much talked about and very important, is taking shape in California from the Bay area around San Francisco to San Diego and San Bernardino in southern California. And still another, as yet quite small but very fast expanding, is in Florida on both coasts. Now, let's look at some cases in smaller countries, smaller in population and area than those powers we have mentioned. In Switzerland, for instance, to the greater urban complex which is well known and which practically links greater Zurich and greater Basel must be added a ribbon of coastal growth along the Lake of Geneva (along the north Swiss shore of that lake) from Geneva to Lausanne and to Montreaux. In Italy similarly, besides the well known industrialized area of Milan and Turin with a great deal of scattered urbanization in between those two main centres, a coastal ribbon of Riviera is fast developing from San Remo to Pisa.

In my own country, France, internal migration since World War II has focussed on the coastal ribbon along the Mediterranean from Marseille to Monaco on the Italian border and there it joins the Italian Riviera growth.

As one looks at such trends, one may forecast that while scattering is going to increase and expand within the urbanized regions being formed,



greater concentration will be achieved by the ingathering of an increasing proportion of mankind into a greater number of small areas all around the globe.

This is the process sometimes called "metropolitanization" in North America. It is rapidly becoming a worldwide feature. It is noteworthy that the growing urbanized regions may be classified into two main categories: an older category of massive regions of Megalopolitain type surrounding one or several large metropolises which developed during the industrial revolution era basing their wealth on manufacturing, sometimes mining and large size wholesaling; then a newer category of narrow ribbon-like regions which we may call a Riviera-type, usually along a seashore, often also at the foot of a mountain range, their momentum of growth based on their recreational and climatic resources or amenities. The California, Florida, French and Italian Riviera are the better examples of the Riviera-type; large, or in any case, very long and important concentrations of population, which entail the growth of various economic activities, first in the services and then also in manufacturing. There are many other smaller examples of a Riviera-type growth, and I have already pointed one out along Lake Geneva in Switzerland. There is another one shaping up on the Mediterranean coast of Spain. There are others like that in many other parts of the world.

The importance which the enjoyment and comfort of life is taking in the location of new urban growth is quite significant. Even the attraction of great centres of Megalopolitain type may be related to the opportunities they offer for more exciting work and for leisure, for more varied and wider recreational and cultural resources, in addition to the purely economic opportunity. The suburban trend has also to do with the search for esthetic satisfaction in the daily environment. All this is obviously rooted in the improvement of the economic, cultural and social requirements for the masses of the people. In this sense it is heartening, and ought to be maintained and expanded as economic and cultural progress carries on. But the whole process would not have taken such form and such size without technological development and a specific use of that technology. We must now look into some of the deeper motives of trends described as these motives point to the lasting and general quality of those trends.

The current reshaping of mankind's habitat through urbanization and metropolitanization is made possible and desirable for such large numbers of people by the steady improvements in the techniques of production. First, agriculture came to learn how to produce more with less manpower on the farms; then mechanization and rationalization of production came to mining operations; now similar processes of mechanization and rationalization of work have developed in manufacturing production and even in transportation. The United States provides the very best illustration in this respect because it is the most advanced economy serving the greatest consumer market. From 1950 to 1964 the number of production workers employed in manufacturing establishments in the United States has remained stable, around the average figure of 12.5 million, while in the same period the volume of manufactured products extended greatly by more than 50 per cent. In the same period, employment in transportation and public utilities also remained stabilized around 4 million people, while, of course, the mass of goods and people to be transported greatly increased.

The employment in mining and agriculture declined sharply as is

well known, so the total employment in non agricultural establishments, from 1950 to 1964, rose in the United States from 45.2 million to a record 58.2 million last year. Obviously, then, there is an increase of 13 million jobs that went into work other than production and direct manipulation of goods. A small part of those 13 million jobs created anew has gone into contract construction, one of the aspects of urbanization, but contract construction accounts for only about 800,000 new jobs. The rest, more than 12 million, went into what is usually called tertiary activities and more specifically into "white collar jobs".

I would like to give you just a few figures to show where those 13 million new jobs were found - 1.8 million in the nonproduction jobs in manufacturing (research labs, commercial and administrative bureaus, etc); 1 million in finance, insurance and real estate; 2 million in retail trade; 3.2 million in the miscellaneous services, and about 4 million in government.

Now, when we say "government" we think right away of the bureaucracy, which we do not like, but when we look at the details of the growth of government employment during those 15 years in the United States, we find that most of it has not happened in the employment of the federal government but in the employment of the state and local governments, and a very large proportion of it has developed not in the bureaucracy but in the field of education.

The old category of "services" or "tertiary activities" must now be supplemented by a new class which I call the "quaternary activities". The "quaternary activities" really include the management of private and public affairs, banking and insurance, qualified professional services, research, education, the press and other mass media, the world of art, higher technology and politics. These fields are deeply interdependent; they demand a great deal of communication between them. It is quite obvious that government and politics cannot proceed very well away from the services of the press and other mass media, of the management of finance and banking, the management of industry, of a great many fields of research, etc. In the same way the press and other mass media has to be where the management of public and private affairs are. Research and education also need this kind of economic community so that there is nothing surprising in the fact that because they demand a great deal of communication between themselves, these activities tend to gather in the same areas within easy reach of one another. Hence the rise of skylines in the major centres of quaternary activities. We may expect these trends in the occupational distribution of the labour force to go on, and even be accelerated, in the next half century.

Mr. MacIntosh indicated that a strict policy of decentralizing offices from Greater London will be agreed upon and enforced in the United Kingdom. From some of the recent "White Papers" and other official documents published in the last three or four years in Britain, we note that the government has recognized that the major mistake or oversight of the plans drawn for greater London just before the First World War and just after it in the late 1940's was that the stupendous growth of offices (of what I would call quaternary activities in greater London) had not been foreseen and that now some decentralization of this had to be attempted. So we have heard from the most qualified source that legislation to that effect is now being prepared. Some

of you may remember the case of New York City. Shortly after the Second World War the experts were convinced that the future of New York City and especially of Manhattan looked bleak, that this very extraordinary growth of the past had come to about an end, that there was such congestion, such concentration and such ire throughout the rest of the country against that concentration that there was such discomfort in the conditions of living and working on the small and overdeveloped Island of Manhattan, that most of the great corporation offices, some of the editorial offices of magazines, etc. were considering moving elsewhere. Some of the companies even bought land and made definite preparations to build their headquarters elsewhere in the United States. Then what happened? From 1949, when almost everybody competent had agreed on the forthcoming decline of Manhattan and New York City, from 1949 to 1964, 150 office towers were built in New York City. The office towers are in addition to the hotels and the high rise apartment houses. At times when you look at the New York skyline, it looks almost saturated. The skyline of New York has a great deal of its beauty from being like a range of mountains, those ups and downs. Now it looks, in its central part almost like a high cliff because so many of its towers are crowded together. Well, they announced about a year ago, the plans an decision to build another Great World Trade Centre that will have a twin tower rising to 1,300 feet -- the biggest of all office skyscrapers ever built. So, New York City has not had the decline that had been forecast.

The production and the mass handling of all kinds of industrial goods can today be relatively easily decentralized, even scattered, in the better developed countries. These establishments will always require good access and much investment, but less and less personnel. They would operate better outside the crowded, heavily urbanized districts. Cities, and medium and even small towns, whose activities were founded on the production and handling of industrial goods, are now beginning to feel the same evolution developing that farms have already gone through. The people are going elsewhere and the plants are leaving the crowded urban centres or even their immediate vicinity. The first stage of dispersal fills in the still empty sectors of the vast urbanizing regions. A second stage takes them out of these urban regions, scatters them even farther away.

The same shifts in the labour force are occurring in developed countries other than the United States. I shall not dare mention Canadian Statistics, but I have looked at them and I have them right here in this portfolio. You know that it is the same trend, although your labour force is not yet as concentrated in the 'white collar' field as the American one. Similar shifts may be shown in the most European countries, at least west of the Iron Curtain. Manufacturing production employment is still on the increase in most European countries, less advanced in rationalization and automation than the America industries are, but this increase is much slower than the rise of employment in those white collar activities, which already make up the majority on the States. In France, for instance, agricultural employment (the farm population) dropped by 25 per cent; that is, by 1.3 million jobs between the censuses of 1954 and 1962. In eight years it dropped by 25 per cent. In this period manufacturing employment rose by 300,000 and the services by about 1 million. In a few years the numbers of production workers in manufacturing will be also stabilized, we think, in Western Europe too, while the volume of production will go on rising.



Vast, thinly settled areas will thus supply the needs of tightly settled urban regions. There will be increasing complementarity between them and the leadership, and public opinion of both kinds of areas will have to show more understanding of the different interests and motivations of each in order to ensure the harmony in the whole economy. On the other hand, some areas yet little occupied may well come into the limelight of development as the demand for leisure activities and for recreation develops and as the thirst of novelty and exoticism of the better educated masses grow. New areas of tourism must be developed on a huge scale in high mountains, in the arid deserts, in the tropics and in the polar regions. It seems to me that the west and north of Canada hold a great potential in this respect, as do several other yet little developed parts of the world.

The transition to the future, as it seems to take shape, has become a major concern of the planner, the policy-maker and the educator. The geographical redistribution of population and economic activities resulting from technological change and from the rise of the standard of living and of the level of culture arouses many conflicts of interest. Governments have chiefly concerned themselves in recent years with the urgent need of developing the less developed countries or areas. Now the realization has come that within the better developed countries there are many regional cases of underdevelopment and of overdevelopment, of lagging areas and of areas experiencing too much congestion. Usually the farming and heavy industry regions become depressed. They suffer from acute underemployment and they see little promise for most of their residents in the future. At the other end of the series of regional cases, crowded and growing cities and suburbs may be called "over-developed", as they cannot catch up with the rise of needs, with the worsening of the conditions of living in their centres, and even increasingly, in their suburbs.

In several countries it has been recongized that new legislation and many administrative reforms are needed to cope with the emerging problems. Neither the depressed nor the fast growing areas are satisfied. A redistribution of legislative and executive powers may be indispensable and impending. The struggle over re-apportionment in the United States is a case in point. Here again the more advanced countries undergo the greater pressures. But with forms varying from nation to nation, similar forces are at work elsewhere. France, one of the most centralized government systems in history, is now debating some degree of decentralization, even political decentralization; on one hand, new regional authorities with wide powers have been established for the Greater Paris Region, while on the other hand, the protests of the depressed provinces, especially Brittany, are slowly bringing about administrative and economic reforms, spelling some decentralization and regional delegation of economic initiative and even political authority.

There are many more legislative and political changes in the making on the domestic scene of the better organized countries. A new struggle is developing between the forces that cause change and those that resist it. Resistance that aims at preserving insofar as is possible the existing geographical distribution is quite powerful; it is supported by an alliance of the understandable distaste of the political personnel for an evolution that modifies the voting and political structure, with an ethical and esthetic longing for sparing large numbers of people the inconveniences of too much change and migration.



How much understanding and cooperation can be achieved? We have heard a good many complaints and practical proposals here in the last two days that try to answer this question. How much forecasting and programming can be done to permit enough evolution to keep up with the times, without unduly disturbing the lives and interests of minorities? A delicate and constantly shifting balance will have to be worked out for each case. It seems hard to believe that we shall lose the opportunity of the future by inability to understand and cooperate.

My optimism is not based, however, on the necessity to solve the emerging problems alone. The trends in the labour force indicate that an increasing proportion of the people will be engaged in "quaternanry" occupations dealing in abstract transactions, requiring high standards of responsibility and knowledge. It seems unlikely that such a population will be unable to provide for satisfactory justice in the geographical distribution of needs and resources.

SUMMING UP AND PERSPECTIVES

by

Dr. Edward G. Pleva,

Professor and Head,

Department of Geography,

University of Western Ontario.

This summary is not an attempt to rewrite the papers in telegraphic form yet everything that is here written will arise or derive from what was said or took place at this conference. This summary is not to be an excuse for yet another paper.

There are four parts to this brief appraisal: what was said from the platform, what was not said from the platform but was discussed elsewhere, the apparent need for discussion and understanding, and the implications to education.

1. What Was Said From The Platform.

A conference must have a theme and the papers presented by the invited speakers set the framework for discussion and analysis. Men with established reputations in the field of regional development from many parts of the world presented papers. Yet there was a satisfying similarity in what they said. The basic relationship of man to his environment does not change from country to country, nor does a current political system seem to affect this basic relationship.

There are many administrative forms through which this relationship may be changed or improved for the betterment of man but the fundamental building block is the individual human being in all his frailties and remarkable potentialities.

Paul Hoffman, speaking on a global basis, said: "A program may be dreamed from above but it must be master-minded on the ground". He added: "Although it may be true you can help only those who are determined to help themselves, all over the world people are asking for technical assistance, developmental capital and basic education so that they may adjust the man-environment relationship for the improvement of the lot of themselves and their fellow men".

Richard Thoman pointed out the existence of disparities of development in Canada through an analysis of the Queen's January Conference on Economic Stress. Ralph Krueger clearly evaluated the Ontario provincial administrative structure for dealing with problems of regional scale and scope. His recommendations for changes through which the Ontario administrative departments, organized on a program basis, could work together on a regional scale, were supported by carefully presented evidence.

High income countries, with their responsibilities to low-income countries, have, nevertheless, important areas of economic disadvantage within their own borders. These disparities are the focus of programs in the United States and Canada. Edgar May observed that poverty is hard to see in the glitter of prosperity. It may be, he said, the very emergence of a new kind of poverty that has made us tardy in dealing with the situation. He referred to the Negro, the unskilled American, and the school drop-out as the elements of a program that anticipates charity by preventing poverty. This, May said, was the alternative to the Welfare State.

The case studies, Appalachia by Whisman, Quebec by Coulombe, Atlantic Provinces by Weeks and New York State by Weidle all showed the remarkable flexibility possible in programs where goals, means, and evaluations are focussed on the improvement of opportunity for those people who are determined to help themselves in the regions in which they live.

It is significant that all the programs described did not waste time trying to change political boundaries but operated through the inherited structures of governmental administration and jurisdictions. It seems that these programs strengthened, in some cases, the atrophying forms of local government and it may be that

administrative realignments may take place as a consequence of these programs. But this would be a resultant, and not a condition, that must be met before action can take place. Multi-county, interprovincial, inter-state arrangements seem possible, even necessary, in the problem-solving approach now used toward regional problems.

Although many of these programs are designed to manage slender resources, each speaker emphasized that all must be done without getting the program away from the people. Many of the development regions or districts bring together strange partnerships held together only by goals which Paul Hoffman said are close to the human spirit.

Perhaps most surprising of all was the commonality and singleness of structure in the papers presented by the international guests: Holm of Sweden, Herweijer of the Netherlands, Garces Cordoba of Colombia, and Kirby of the United Kingdom. Each clearly demonstrated that in his country the planning process in regional development is charged with mobility and flexibility to change with changing conditions, particularly the changes which have been brought about by the plan itself. Each stressed that the planning process derives from the units within a general overall pattern agreed upon by the state. Garces Cordoba emphasized a point of great significance: the small hard core of individuals within a region who have the initiative and leadership to see a problem situation and who are able to act to get the answers to the questions they ask themselves. The incidence of leadership in any part of the world is small. In many dispossessed and disadvantaged regions, this may be the scarcest resource.

The Honourable John Robarts, in acknowledging the provincial sponsorship of the Conference, emphasized that each region in the province has the basic ingredients to add to a total vibrant economy yet at the same time retaining and developing its own special characteristics. He added that Ontario has a strong base from which we may experiment with meaningful programs of regional development.

R.R.D. McIntosh said the government of the United Kingdom views comprehensive regional planning on a large scale not as a luxury but as a realistic necessity. His comments stressed the dynamic and experimental nature of regional programs in an expanding economy. The British government views planning as the steering of growth toward socially desired goals. No great promises are made but the British are aware of the challenge of growth in the coming quarter-century.

Jean Gottman concluded the Conference with a clear faith in civilized man. He said: "It seems hard to believe that we shall lose the opportunity of the future by inability to understand and cooperate".

## 2. What Was Not Said From The Platform But Was Discussed Elsewhere.

Many people mentioned that the challenge of the civilized landscape was not made. They ask: "If the spirit of man is important what are the physical evidences of this in the appearance of his houses, his places of work, his retreats of quiet relaxation, his expressions of art, his curriculum for the education of the young and himself?"

It is easy to say this is a short Conference and not everything can be covered. It is also easy to say that the challenge of the civilized landscape is the backdrop against which all these discussions have taken place. It is also easy to



say that each one of us in that marvelous amalgam of networks we call the human brain is sorting this new information we have received along with our ideas and notions of the civilized landscape.

If these things are true, the necessary pattern is complete. But are we sure that this is what happened?

Many people mentioned that the concepts developed, the ideas expressed, and the programs described were beyond their experience and comprehension. This must be true, in varying degrees, to all of us who attended. Much of what went on here is difficult to comprehend. If the problems of regional economic development were easy to understand and solve, this Conference would never have been called by the provincial government. However, it may be assumed that the total comprehension is greater than that of any individual. Thus it is apparent that if each person takes back to his regional group what he derived from being here, his neighbor who also was here may take back something else, and in the working of the group a total program may evolve which is beyond the initial competence of any single member. In the carrying-out of your regional programs you may learn from your neighbor indirectly what you did not learn here directly.

### 3. The Apparent Need For Discussion And Understanding.

It is obvious that this Conference, viewed as a human and cultural resource, must have a multiplier effect if it is to justify the time of the people who organized it, the busy men who prepared and presented papers and participated in discussion, and, perhaps most of all from your point-of-view, you yourself who gave up three or more days to attend.

It is perfectly in order and completely logical that regional conferences organized along the lines developed here at the provincial level be held in the 10 economic regions of Ontario. These conferences would bring a regional view to the many administrative programs already in effect and would suggest ways of coordination and understanding at the regional level that are mainly absent today.

### 4. The Implications To Education.

Ontario is a youthful area by many measures, particularly in the composition of its people. Today the population is six and two-thirds millions, and of these, 40 per cent are under the age of 19. You will have noticed that your secondary schools, colleges and universities are well represented here. It may surprise you that most of these young scholars and teachers are here at their own expense. They are anxious to participate meaningfully in the future of this province and are earnest listeners and viewers to all you have said and done here. This is another significant multiplier resource.

Curriculum revision is a constant thing in any evolving and dynamic educational society. It is the responsibility of your scholars in curriculum work to visualize and interpret the challenges of our society and to visualize as well as possible the kind of a world the young of today will face as they grow to maturity. This is a difficult thing to do, this curriculum development work, but it is necessary to attempt. These scholars in curriculum development are well represented here today.

Finally, the universities of Ontario recognize a regional obligation along with their provincial, national and global obligations. Many in our universities, both the scholars under instruction and the scholars who instruct, have identified themselves with many of the pressing problems of regional development. It is fitting that the provincial authorities should recognize this relationship and encourage, through research grants, the involvement of the regional universities with regional resources and development programs, where the universities have the skills to do the studies. In reality, there are no regional universities as such in Ontario and it may be that cooperation and coordination of research programs as related to regional development should be high on the list of discussion topics wherever university scholars meet. There is much evidence that discussions along these lines took place at this Conference among the representatives of the universities.

#### Conclusion.

If this Conference is the end of discussion on the problems and programs of regional development, it has failed. If it is the beginning of a series of following and continuing events related to the betterment of people where they live in the many regions of Ontario, then it has succeeded.

SUMMING UP AND PERSPECTIVES

by

William H. Cranston,

Chairman,

Ontario Economic Council.

It is sometimes said that the very old and the very young have the answers and that the rest of us in between are stuck with the questions. Perhaps this Conference is ample proof of that.

Regionalists on the whole are generally a lot of two-faced people.

And so they should be.

Regionalism makes it possible to look at both sides of the economic coin -- the local specific and the national, or provincial pattern.

Indeed if we don't know both sides, we are much more likely to lose on the toss, than to win.

Regionalists, as a lot in this room can amply testify, are also men in the middle.

To the nationalist or to the provincialist, they stand a step down the ladder toward parochialism. To the localist, they are a step up on a sometimes frightening ladder which seems to lead toward centralism.

To those who believe that policy should be determined on the basis of national averages, the middle ground of regionalism is "fighting ground".

To those who believe that the best form of government -- the only sound form of economic planning -- is that which is closest to the people, the middle ground of regionalism is also often "fighting ground".

Regional development associations, established in this province now something over a decade ago, have often been caught in this fighting ground. They have had to do battle against those who see in regionalism a threat to hard-won local autonomy, an autonomy which on many fronts, it must be admitted, has already been somewhat eroded.

They have also had to do battle against the provincialists and nationalists who somehow find perpetual inequity and inborn inefficiency in every policy tailored to less than a province-wide base.

To those participating in this Conference, and I think particularly after this Conference, we can say that regionalism is really nothing new, nothing radical, and certainly nothing to **cause** ulcers of worry in the body politic.

It is not fighting ground, it is simply middle ground.

Problems, of course, do arise when one begins to define "regionalism" in geographical terms. As was pointed out this morning, to the nationalist, a natural planning region may mean the four Atlantic provinces or the entire Prairies.

To officials of the Ontario Department of Economics and Development, it may mean one of the 10 regions into which Ontario has fallen, perhaps to a fair degree out of statistical habit.



To a man or woman on the Toronto city council, regionalism may mean the melding of his municipality into a Metropolitan government with all the impending headaches of ununiform assessment, variations in school board policies, and a host of other matters which have been born out of a long established pattern of local differences.

I do not propose today to do more than try to leave with you one bit of economic and political philosophy.

Its basic premise is that, in the best of all possible democratic worlds, our human resources should benefit from an atmosphere designed to foster full development, for the good of the individual concerned and of the society in which he lives.

The allied premise, of course, is that all human beings, acting singly or cooperatively, should also seek out what is sometimes referred to these days as material resource maximization.

The third aspect of the premise is that ways can be, and must be found, to so match human and material resource development that the maximization of each is an objective which, if not fully attainable, can at least be presented as a reasonable and valid social, political and economic target.

If this tri-part premise has validity, there is only one major obstacle to its attainment. And that major obstacle is not the particular form of government we now have, nor the distribution of powers within levels of government. It is the barrier of under-education.

President Johnson put it rather simply the other day when he said, "poverty has many roots, but its tap root is ignorance".

The prime precept of education of course is that one proceeds from the known to the unknown; one introduces the distant in terms of the immediate, in terms of those things and ideas which can be seen and felt and locally understood.

Have we done this, are we doing this in our educational curricula as we approach the problems of regional development, this maximization of human and material resources? I would like to suggest to you today that the answer, most unfortunately, is "no".

How many of us, for example, have reviewed the teaching outline for the Ontario grade 12 course, introduced just this year, in the elements of economics?

Does it contain any specific reference to local or regional resource development, human or material? Does it attempt to indicate to the student the problems that face his community, or his region, and the ways in which they may be tackled individually or collectively? Are the regional studies produced by the Special Research and Surveys Branch of the Department of Economics and Development used in any way in these courses, in the elements of economics, to help students and teachers know a little more about the problems and potentials, locally and regionally?

From what little checking I have done, I fear that the answer again must be "no". The secondary course in the elements of economics discusses the national and the international, the broad theories of balancing trade, the elements of our Gross National Product, indeed, communism vs. fascism vs. socialism vs. democracy.

I know as you know that there are very real barriers to the introduction of regional economic textbooks. If not to what I personally feel could be a much more basic and more comprehensible means of presenting economic theory. But again I ask, how many of us concerned with regional development have even considered making sure that the already published regional economic surveys are available to teachers and to students in our schools?

I have heard many discussions, as I'm sure you have, of what could and should be done with such studies. But not once have I heard it suggested that they could and should become required ancillary reading in our schools. Why, ladies and gentlemen? Indeed, why should not many of them, in future, take the form of regional economics textbooks? In this form they could certainly also serve the original purpose for which they are written. Or again, how many of your local chambers of commerce make available, as a regular procedure, to new teachers, to school trustees, or to even newly elected councillors, copies of their own local economic analyses, the ones they publish themselves?

I realize I have laboured this point for some time, but for one reason only. No government can work well on behalf of its people if a substantial proportion of its electors and a major proportion of its elected are not both able and willing to think in terms of total community. Legislative capability and citizen comprehension must be equated in government, as in any other form of resource management.

You will recall a statement made by Mr. Hoffman when this Conference started when he was talking about the recovery of Europe. He said that all the statistical information was almost as nought, because they could not predict the amazing activating force of hope stemming from a potentially realizable objective.

We cannot expect to step up, I don't think, from localism to regionalism, or to step down, if you will, from provincialism to regionalism, unless and until both the people who vote and the people who are voted in, are sufficiently knowledgeable of their constituencies to make intelligent decisions in respect to the development of resources, human and materials.

When a local municipal councillor finds it is difficult..and I assure you, as an ex local municipal councillor, I found it difficult...to legislate for the people even of his own ward, or his own township, can we really expect the same man to plan readily for an entire county or several counties?

Indeed, how many members of the boards of directors of our regional development associations here represented have ever visited every zone of the region they are elected to serve, let alone made a detailed assessment of the problems and potential of those zones?

And don't tell me one can hire experts to do this sort of work. These experts haven't yet been educated in sufficient numbers to do the research. And the electors have not yet been regionally educated in proper numbers to understand it. I hope I'm not being a pessimist, but rather, I'm trying to be a realist in assessing some of our problems ahead.

Decisions in government come not, despite what one might judge, from tax bills, on a "COD" basis. They come on a "CCD" basis. The first "C" in CCD stands for CLIMATE. There must be a proper climate. That is one of the purposes of this

Conference. There will evolve a greater degree of regionalism in both government and in developmental planning because, once we know enough, it is not only logical, it is inevitable. But more and more of us know, must talk, must convince.

And when the proper climate has come, there must be the second "C" -- the CRISIS. In all our lives, individual and collective, crisis is the prelude to action and such a crisis is not something to be avoided, but to be fostered..to be fostered through, what I would like to call, proper educational airconditioning.

And when there is both the right climate and the right crisis, the "D" in CCD, the DECISION will be taken. It will not be mighty, revolutionary decision. We do not work that way as a people. Most of us will simply comment on a new trend, a trend that will be started, and indeed has been started, and will be supported, and is being supported, by a multitude of small decisions taken by a multitude of small people, like you and me.

Then we will have the bases of the regional evolution. Indeed we already have the beginnings. For over a decade in this province more and more people have recognized the need for bringing collective decision-taking to the levels which are both practical and comprehensible.

The conception of this, of course, began many years ago, in the saying written in the temple of Delphi: "KNOW THYSELF".

To this, Mackenzie, the 19th century Scottish novelist, added: "Wood on fire is fuel. Knowledge on fire is power".

Finally, the words of Samuel Johnson may be added, especially in the light of our Conference here this day: "The seeds of knowledge may be planted in solitude, but they must be cultivated in public".

SUMMING UP AND PERSPECTIVES

by

Christian de Laet,

Secretary General

Canadian Council of Resource Ministers



This Conference on Regional Development and Economic Change has gone on for three days. It has been a bewildering experience for all of us. We have been confronted with many challenges. We have been presented with the experiences, not only of our fellow Canadians, but also with those of our friends from overseas. The wealth of information and personal contact has proved a rich diet. Hopefully, we are returning home with nothing more than a bad case of temporary indigestion.

No matter what our reaction to this Conference may be, we must express our thanks to the Government of Ontario for showing leadership in sponsoring this Conference, and for acquainting us with a situation that is rapidly engulfing this nation we call Canada. We should express our appreciation for the presence of those distinguished visitors from other countries who have brought us up to date with their own experience in this problem of regional development and economic change.

And now, you have reached the critical stage of this meeting. What do you do next? Do you go back to your local council, to your administrative offices, to your political platform? Do you go back to the old rut, to the patching, to the application of temporary splints? Or do you return to your home base determined to take a long, hard look at your problems, to analyze them in detail, and most daring of all, to devise more methods to deal with these problems?

I know that the latter course may strike some of you delegates as being too radical, possibly too dangerous, but it is surely evident to you that the winds of change are gaining strength. Ontario, and Canada as a whole, cannot furl their sails and hove to. We must move into midstream on a carefully chartered course.

I am not suggesting that Canadians are not up to meeting these challenges. Not at all. I have only to point to the organization in which I serve -- the Canadian Council of Resource Ministers -- as a challenge that has already been met. The large body of public opinion that was represented at the Resources for Tomorrow Conference in 1961 concluded that change was necessary if Canada was to proceed with the orderly development of her renewable resources. The leaders of the federal and provincial governments took up the challenge and formed the Council and its permanent secretariat. They are providing the necessary financial support to this unique organization. It is an expression of their willingness to experiment with change.

One senses a similar willingness of spirit in this Conference -- a desire to strike out in new directions to experiment with new institutions, designed to assist you, the major, the reeve, the councillor, the administrator, in the solution of your increasingly complex problems.

I also sense that this Conference has served to bring to the surface, three particularly identifiable issues which appear to demand immediate action. The number one, and probably the most important issue, is the acquisition of adequate knowledge -- knowledge of our physical environment. I suggest, for example, the need for an inventory of Canada's total resources. This inventory should be conducted in such a

manner as to yield basic data which would not only serve to illustrate the shortcomings of the past, but also provide a basis for a dynamic program in harmonizing the competitive use of our land resources and understanding the inter-regional relationships.

We must subscribe fully to Mr. Cranston's and Mr. Pleva's statement -- one that is shared by most responsible leaders today -- that the level of human knowledge is the determining factor in the development of man and his society. As part of our bold experiments, we must break away from some of the traditional forms of education. We can no longer afford to educate young Canadians in compartments. They must be equipped to meet the inter-related problems of their environment. Here, then, is the challenge.

The number two issue is the re-thinking and re-building of out-moded structures and institutions. If Canada is to develop in a dynamic fashion, she must devise appropriate methods. Here, I might again point to the Canadian Council of Resource Ministers as just such a device.

At the local level, there is the need for broader tax bases to serve the growing demands of the community. This problem is caused by the inadequacy of size and responsibility of local governments. The presence here of so many representatives of these local governments and community groups testifies to the awareness in this province of the need to re-design the framework originally created to serve a restricted form of human settlement.

Issue number three is the investment of human and financial resources in bold social and economic projects. By this I insist on experimental programs, not the traditionally safe investments. One of Canada's greatest needs is the massive capital investment in scientific and technological research, development and education. There is evidence that some leadership is being given in this direction. I may point to the ARDA program as a federal-provincial agreement of a much higher order than the average type of joint program of conditional grant. The recent appointment by the prime minister of Canada of a scientific secretariat to the Privy Council is another example of this awareness.

However, this investment of human and financial resources must be appropriately channelled in projects that will result in self-generating returns. By social investment we do not mean expedient hand-outs which are offensive to our inherent pride. Rather, we mean investments in self-improvement -- in job training, in community services -- that will lead to an individual sense of purpose, and most important of all, a national feeling of self-reliance and identity.

I have outlined what I consider three distinct impressions gained from this Conference. I want to place these in the central context of man and his environment. By this, I mean, where do you, the tobacco farmer from Norfolk county, the fruit grower from Lincoln, the Toronto subway rider fit into this perspective? What should you, the individual Canadian be prepared to face?

We Canadians cannot escape -- nor should we necessarily resist -- the irreversible trend towards urbanization. Indeed densely populated areas are essential for the provision of educational facilities and the environment so necessary in our highly-specialized world of to-day. However, these high-density areas -- the Torontos, the Montreals, and the Vancouvers of Canada -- must draw upon the non-urban regions for physical sustenance. It is a process of give-and-take, where the rural resident must play a role which is just as important -- if different in kind -- as the urban dweller. Farm forums, community planning, regional associations and the like play an essential role in acquainting non-urban dwellers with the more sophisticated knowledge necessary to position themselves in the context of regional development.

At the same time, the non-urban regions must make provision for the recreational demands that will be made upon their resources by the residents of these high-density areas.

If these impressions have generated interest, it is a measure of the success of this Conference, since I have done nothing else but communicate to you what I have learned during the last three days. If the information generated by this Conference has been transmitted by the news media to fellow residents of Ontario and Canada, then a vital measure of communication has been realized. I am grateful to the Government of Ontario for giving me this opportunity to confirm the ties of this province with the Canadian Council of Resource Ministers. Ontario's membership within the Council, represented by your Minister of Municipal Affairs, the Honorable J. W. Spooner, is a guarantee that the council and its secretariat will strive to keep alive the spirit generated by this Conference. A spirit that is being echoed across the land and which finds its main root in the Resources for Tomorrow Conference of 1961. Mr. Randall and his department, with the support of his government, have shown honesty of purpose, leadership and responsibility in facing Canada's problems. These problems are your problems. With you, the citizens of Ontario, of Canada, rests the solutions.

CONCLUDING REMARKS

by

The Honorable Stanley J. Randall,

Minister,

Department of Economics and Development.



Mr. Clarkson has already expressed the Government's appreciation to the speakers, the panelists, the chairman, the reporters and our staff for their contribution to this Conference. May I on my own behalf and that of our Government also express my appreciation to all those who have made it such a success.

We ask ourselves what have we achieved at this Conference and I think it is pretty hard to pin it down and say, "Well, we're going away with some very definite opinions". I don't think we could leave a Conference like this and have any very definite opinions. We have heard so many opinions that we have to take them home; we have to sort them out and we have to draw up perhaps a blueprint for the future.

I sat in for a few minutes on one of the meetings and I heard Mr. Papineau from Quebec say that he took a canoe trip away up into northern Quebec and visited with some Indian families who didn't know they were living in poverty because they had nothing to compare it with. There was no awareness that there was anything better. Perhaps that is what we have discovered here. For the first time perhaps we now have something to compare with when we talk about regional development.

Like Paul Hoffman, I have been in many countries of the world in the last year. I have seen some of the millions of people who go to bed hungry at night. I have come home and am very pleased indeed that I was privileged to be born a Canadian. I have worried like some of our speakers about the tremendous task that faces men like Paul Hoffman, who have a world-wide job to do in getting people to do something about regional development. But I think when we do travel abroad and we see these underprivileged nations, these developing nations, and realize how much has to be done, we can at least come back and measure what work we can do with what has been done in the past. We have an opportunity to prove that we can do something worth-while. And as I say, when we look at the needs of this world with the millions of people who are living in poverty stricken circumstances certainly we can start on a small scale here in the Province of Ontario. I hope, through initiating this Conference, we can make everybody aware of many parts of Canada that need a redevelopment program.

Perhaps some of the most interesting things happen to us in our personal life. As many of you know, I was in the appliance business before throwing my hat into the political ring, and I had the privilege of introducing in Europe and Great Britain, the first fully automatic coin laundry stores. And I have a million stories I could tell about what happened when we opened those first stores. The one that comes to mind today, in which I think you will be interested, is a store we opened up in Manchester. This was one of our early stores, in a dreary looking street, with tenement houses for miles around, where stores were boarded up. We spent about \$30,000 fixing this store up, putting on a beautiful front, lights on the front of the building, tile on the floor, colored washing machines and dryers, pictures of Canada and the Rocky Mountains on the wall. Something happened. People flocked in there literally by the hundreds - and if you know Manchester, it is one of the busiest industrial towns in England. I know our English friends will also admit it is one of the dirtiest and one of the most difficult places to keep, not only your clothes clean, but your children.

The first time I visited the store there were literally dozens of baby carriages outside. You had to walk on the road in order to get by. The people were lined up to use these machines. A few months later the school principal came down to the store, and he said: "I had to come down and see what was happening to Manchester!" And the man running the store said: "What do you

mean, 'what's happening'"? "Well," he said, "all of a sudden all the youngsters in our school look cleaner, they look brighter, they look happier, and I had to come down and have a look at it for myself."

Somebody said the other day, "If you give people an opportunity, they'll help themselves", and this is what happened. The first couple of weeks or so you could shovel the mud out of those machines with a fork, and after a few weeks the people started to clean them themselves. They started to warn their neighbours: "When you're through with the machine, wipe it up". And they took that to heart. That became their machine, their store, because it was filling a need; it was doing something for the community.

On one side of the store was a little fellow and his wife who were selling pots and pans and flowers and what-have-you. On the other side was a jeweller. The jeweller had a big sign on the door: WE DON'T GIVE CHANGE. And you might as well have hung crepe on the door. You wouldn't know anybody was there. The other little fellow said: WE GIVE CHANGE. He'd change a pound note. People would need a couple of shillings for the wash and he'd extract the rest of it for some of the things that he had to sell. He was cashing in on an opportunity. And you know, today, if you visit that same street, you will see the boards off the windows; you'll see new store fronts in there. That whole community has come alive because we did something about redevelopment. And this is what I think we can do with the kind of a program that we envision here today.

I couldn't help but be impressed with the gentleman from Kentucky, Mr. Whisman, when he talked about the 16,000,000 people in the Kentucky area - the hillbilly area and what he was trying to do. I couldn't help but sense the frustration that he and his people must have had when they undertook this program, but still they're continuing with it. And I thought of a story I heard many years ago from an American who travelled across the Gobi Desert. As he got to the end of the desert he had to climb a large mountain and then he dropped over the other side into a lush green valley where there was water and trees and vegetation and shade. He noticed long before the camel train got to the top of the hill, all the camel herders emptied their water bottles on a rock. And when he got up there, his camel herder did the same thing. He said to him: "Why do you empty your last drop of water on that rock?" The camel driver said: "Look, there is one lone flower, a little wildflower, growing out of a crack in the stone; it is from flowers such as this that we learn the meaning of endurance". And that thought struck me as I listened to Mr. Whisman yesterday talk about the 16,000,000 people living in poverty in his area that they are trying to do something about.

I could not help but think that Mr. May, when he spoke to us on Monday noon - this young author, 35 years old - what a wonderful opportunity he has ahead of him to do something for the youth of America. He has not only written about it but he is prepared to dedicate himself to it and he is, I would think, on a crusade of his own - with one man's dream. He is going to do something about the young human resources of America. I think it will be wonderful to watch to see what his enthusiasm will do; how he will develop the energy, along with a lot of other people, to do something about the youth of America. As Paul Hoffman said on Monday: "If we can marshal the material resources to do something surely we can marshal the human resources".

In North America we have some have-nots. We have them in Ontario. We've heard of have-nots in far distant lands but we have some here. We are going

to try to do something about the have-nots because we are thrice blessed in this country - and especially in all of North America - but these blessings have not been equally distributed.

Most of us wondered when the Conference started whether it was going to be worthwhile. I think we have, in this Conference, achieved an awareness of the challenge to do something about regional development. Perhaps it is a catalyst - to launch a regional development crusade that we need and need very badly, not only in the Province of Ontario but I think in all of Canada. If we can put together all the great plans and programs that we have heard about at this Conference and chart new courses on regional development, I am confident that a year from now if we have a similar Conference we can say that it was a successful undertaking.

The job is not simple. As you have heard, it is not easy; it cannot be done by one person. I don't think it can be done by one government. In fact, I don't think in some areas, it can be done by one country. But it must be programmed right from the ivory towers down to the grass roots level. If anything came out of this Conference it is the realization that we have to get everybody into the act. We just can't go it alone. But when we do get everybody into the act perhaps we will be able to ensure ourselves that the prosperity so many of us enjoy today, we will have tomorrow, if we share it with those who are not so fortunate. I think this is really what we mean by regional development.

In conclusion, may I share with you a simple truth that I have known for a good many years. It is the story of the little old man who many, many years ago went into the woods, hued out of the woods a home for himself, pushed back the brush and the weeds, kept out the wild animals, and, eventually, in his twilight years, had a veritable garden of Eden. He was visited by the local preacher one day. They stood on the back porch looking over the fruit trees and the rich, luscious vegetables growing up. The preacher said to the old man: "John, it is a wonderful work that you and God have done in this forsaken spot". The old fellow looked at his hands that were calloused, at his nails that were ripped off and, with a twinkle in his eye, at the preacher, and said: "Yes, preacher, but you should have seen it when He was working it alone".

Ladies and gentlemen, I know we are going to ask for a little help from the good Lord, but also we have to roll up our sleeves, we have to spit on our hands, and we have to start working. And that's exactly what we're going to do.

I said on Monday at the opening of this Conference, that the people of Ontario visiting with us, if they took away something from this Conference, it would give new meaning to regional development, particularly in this Province. I am convinced by the encouraging words of the prime minister last evening, that we can, working together as a team, eradicate the pockets of poverty that exist, we can do something about the areas of slow growth, and we can do something in an immediate way to remedy these areas and give others the same opportunity that I'm sure most of us enjoy. You have not only been encouraging to the Government of Ontario, to the staff and to the speakers who have done such a tremendous job here, but your very presence here right to the last minute has made us believe that the effort has been worthwhile and, instead of you thanking us, we want to take this opportunity of thanking you.









**DEPARTMENT OF ECONOMICS AND DEVELOPMENT**